This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`

4.D 63/1:96-5

NATIONAL CAPITAL TRANSPORTATION ACT AMENDMENTS OF 1979

96-1

STANFORD LIBRARIES

HEARINGS AND MARKUPS

P93-91

BEFORE THE

SUBCOMMITTEE ON METROPOLITAN AFFAIRS

AND THE

COMMITTEE ON THE DISTRICT OF COLUMBIA

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

H.R. 3634, H.R. 1792, H.R. 3951 and H.R. 3914

TO AUTHORIZE ADDITIONAL FEDERAL AND D.C. CONTRIBUTIONS FOR METRO CONSTRUCTION, AND OPERATING AND MAINTENANCE, AND PROVIDE FURTHER FOR RETIREMENT OF WMATA BONDS

MAY 1, 2, 3, 4 and 7, 1979

SERIAL NO. 96-5

Printed for the use of the Committee on the District of Columbia

STANFORD UNIVERSITY
OCT 1979
GOVT DOCUMENT DEPARTMENT

v. 154 p.

U.S. GOVERNMENT PRINTING OFFICE
46-263 O WASHINGTON : 1979

Digitized by Google

COMMITTEE ON THE DISTRICT OF COLUMBIA

RONALD V. DELLUMS, California, *Chairman*

CHARLES C. DIGGS, JR., Michigan
WALTER E. FAUNTROY,
Delegate, District of Columbia
ROMANO L. MAZZOLI, Kentucky
HERBERT E. HARRIS II, Virginia
FORTNEY H. (PETE) STARK, California
MICKEY LELAND, Texas
ANTHONY TOBY MOFFETT, Connecticut
WILLIAM H. GRAY III, Pennsylvania

STEWART B. McKINNEY, Connecticut
ROBERT W. DANIEL, JR., Virginia
MARC L. MARKS, Pennsylvania
MILLICENT FENWICK, New Jersey
JIM JEFFRIES, Kansas

EDWARD C. SYLVESTER, JR., *Staff Director*
ELIZABETH D. LUNSFORD, *General Counsel*
BARBARA C. WASHINGTON, *Minority Chief Counsel*

SUBCOMMITTEE ON METROPOLITAN AFFAIRS

FORTNEY H. (PETE) STARK, California, *Chairman*

HERBERT E. HARRIS II, Virginia
ANTHONY TOBY MOFFETT, Connecticut

STEWART B. McKINNEY, Connecticut
MARC L. MARKS, Pennsylvania

ROD W. KUCKRO, *Staff Assistant*

Digitized by Google

CONTENTS

Page

H.R. 3634 (by Messrs. Stark and McKinney), a bill to amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital Region, to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority, to authorize an annual Federal payment to such Authority to provide assistance in meeting expenses of operation and maintenance of such system in order to reflect the special Federal relationship to such system, and for other purposes 2
H.R. 1792 (by Mr. Harris et al.), a similar bill 5
H.R. 3951 (by Mr. Stark et al.), a similar bill 124
H.R. 3914 (by Mr. Stark et al.), a bill to amend the National Capital Transportation Act of 1969 to increase the amount authorized for the District of Columbia share of the cost of the rapid transit system of the National Capital Region. 120,130
Committee Report (H. Rept. 96-132 on H.R. 3914) 133
Committee Report (H. Rept. 96-156 on H.R. 3951) 138
Staff issue paper on Metro financing bills 7

HEARINGS AND MARKUPS

May 1, 1979 (Hearing) 1-72
May 2, 1979 (Hearing) 73-114
May 3 and 4, 1979 (Subcommittee markups) 115-121
May 7, 1979 (Committee markups) 123-131

STATEMENTS

Barry, Hon. Marion S., Mayor, District of Columbia 98,112
Department of Transportation, Mortimer L. Downey III, Assistant Secretary of Budget and Programs 73
Fauntroy, Hon. Walter E 31
Harris, Hon. Herbert E. II 11, 46
McKinney, Hon. Stewart B 11
Maryland:
- Barnes, Hon. Michael, a Representative in Congress from the State of Maryland 37
- Hughes, Hon. Harry, Governor, State of Maryland, letter and statement, dated April 27, 1979, to Congressman Stark 34
- Montgomery County, Charles W. Gilchrist, county executive, letter, dated May 4, 1979, to Congressman Stark 36
- Prince Georges County, Lawrence J. Hogan, county executive, letter and attachments, dated May 4, 1979, to Congressman Stark 66
- Spellman, Hon. Gladys, a Representative in Congress from the State of Maryland 39

Metropolitan Washington Council of Governments, Marie Travesky, member, Fairfax County Board of Supervisors 59
Stark, Hon. Fortney H. (Pete) 1
Virginia:
- Arlington, Va., County Board, Dorothy T. Grotos, chairman, letter dated May 3, 1979, to Chairman Stark 69
- Dalton, Hon. John, Governor, Commonwealth of Virginia, statement, and letter dated April 30, 1979, to Congressman Stark 64
- Fairfax County Board of Supervisors, John F. Herrity, chairman, letter and attachments dated May 10, 1979 to Chairman Stark 70

Digitized by Google

Page
Fisher, Hon. Joseph L., a Representative from the State of Virginia 43
Miller, Harold L., mayor, city of Falls Church, letter dated May 2, 1979, to Congressman Stark 68
Washington Metropolitan Area Transit Authority:
Lutz, Theodore C., general manager 14, 22, 51
Moore, Rev. Jerry, chairman 13

SUMMARY OF TESTIMONY

Amendments 115, 119, 128
Background of NCTA 19
Costs 18, 44
Dedicated funding 45, 83, 116
Dedicated revenue source 21, 45, 64, 83, 104, 127
Dedicated tax source 38
Department of Transportation (DOT) 73
Bond referendum 92
Dedicated source funds 38, 83, 87
Deputy Secretary of Transportation Alan Butchman, letter and enclosure dated April 24, 1979, to Rev. Jerry A. Moore, Chairman, WMATA 77
DOT commitment 76
DOT supports 101-mile system 89
Federal funding 84
Federal interest in Metro 95
1980 deadline 89
Interstate transfer funds 86, 94
Legislation proposed 85
Metro operations 93
Operation subsidy 90
Secretary's discretion in releasing funds 105
Separate funding for Metro 92
District of Columbia:
Dedicated financing 106
Dedicated revenue 104
District's contribution to Metro 99
District's share 102
Federal benefits from Metro 103
Federal operating subisidies 103
Federal payment 106
Further District of Columbia authorization needed 101
Operating costs 46, 54, 109
Paying off construction bonds 103
Payroll tax 104, 108
Federal contributions for Metro construction 126
Federal funds available 54
Federal Government interest and benefits 20
Federal share 128
Handicapped 56
H.R. 3634 ..... 99, 115
H.R. 3634 and H.R. 1792 ..... 16, 32, 59, 115
H.R. 3914 ..... 120, 130
H.R. 3951 123
Map of regional rapid rail transit system 26
Metro:
Additional Metro authorizations 17
Alternatives analysis 98
Background 19, 31, 48
Bonds 51
Costs 18, 44, 54
Financing construction 33
Growth 14
Lines under construction 29
Metro buses 56
Metro rail system 56
Metro ridership 55

Digitized by Google

Operating costs 46, 54
Present 31 Metro operating miles 27
Questions proposed to Metro 51
Remaining lines 30
Transit background 48
Need of Federal support for Metro 32, 37, 62
Operating funds 21
Public transit crises 57
Questions for Theodore Lutz, General Manager, Metro, and replies thereto 51
Rail operating assistance 19
Regional support to Metro 50
Repayment of debt service 18
Suburbs dilemma 50
Vote on H.R. 3914 131
Vote on H.R. 3951 130
WMATA bonds 127

Digitized by Google

Digitized by Google

SUBCOMMITTEE HEARING ON H.R. 3634 AND H.R. 1792

TUESDAY, MAY 1, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON METROPOLITAN AFFAIRS,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:32 a.m., in room 1310, Longworth Building, Hon. Fortney H. (Pete) Stark (chairman of the subcommittee) presiding.

Present: Representative Stark, Delegate Fauntroy, Representatives Harris and McKinney.

Also present: Rod W. Kuckro, subcommittee staff assistant; Elizabeth D. Lunsford, general counsel; James T. Clark, legislative counsel; Dietra Gerald, staff assistant; Barbara C. Washington, minority chief counsel; Harry M. Singleton, deputy minority counsel; and Barbara Norris-Chaves, minority research analyst.

Mr. STARK. The meeting of the Subcommittee on Metropolitan Affairs of the Committee on the District of Columbia will come to order; let us proceed.

I have prepared an opening statement which succinctly and clearly and with irrefutable logic shows the need for such legislation. I would ask unanimous consent that I dispense with the reading of that statement and make it part of the record, and suffice to say that it is important that we proceed with this legislation in the interest of completing the Metro, getting capital funds to do so, getting operating subsidies in the 96th Congress and getting all this done before May 15 due to the constraints of the Budget Act.

STATEMENT OF REPRESENTATIVE STARK

This hearing is on H.R. 1792 and H.R. 3634, bills to amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital Region, to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority, to authorize an annual Federal payment to such Authority to provide assistance in meeting expenses of operation and maintenance of such system in order to reflect the special Federal relationship to such system, and for other purposes.

The hearing will come to order.

Our hearings this week are focused on resolving the Federal Government's role in the completion of the National Capital Re-

Digitized by Google

gion's Mass Transit System. I trust the legislation these hearings produce will stand as the final Federal commitment to what has been a long and often confusing partnership between the Federal Government, the localities within the transit system, and the Washington Metropolitan Area Transit Authority.

It is important we produce a bill for congressional consideration which deals with the interests and needs of all parties fairly.

It is essential we provide adequate capital funds for the completion of Metro in the next decade after the interim funding from interstate transfer funds is exhausted.

Legislation must also provide for the orderly retirement of the bonds issued by the transit system.

During the next decade of construction on Metro, when the local jurisdictions in the Washington area will be faced with an especially heavy financial burden, it is proper for the Federal Government to provide a subsidy for the system's operating costs. This subsidy is not intended to mark the beginning of a perpetual Federal subsidy to Metro in excess of section 5 funds provided by the Department of Transportation. Rather, the subsidy is meant to help the transit system through its formative years.

Finally, no financial commitment of this magnitude on the part of the Federal Government could or should be provided without first having evidence of a firm, steady and if need be, dedicated, source of revenue to account for the local jurisdictions contributions to this unique Federal-local partnership.

Metro is a system mandated by the Federal Government, endorsed and supported by every administration in the past 20 years. The completed Metro system is the key to solving the transportation problems of this region, now aggravated by the national energy crisis and our expanding population.

It is the responsibility of this subcommittee to produce a bill which responds to these needs.

[The bills, H.R. 3634 and H.R. 1792, together with a staff memorandum thereon follow:]

[H.R. 3634, 96th Cong., 1st sess.]

(By Mr. Stark (for himself and Mr. McKinney) April 10, 1979)

A BILL To amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital Region, to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority, to authorize an annual Federal payment to such Authority to provide assistance in meeting expenses of operation and maintenance of such system in order to reflect the special Federal relationship to such system, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "National Capital Transportation Amendments of 1979".

AUTHORIZATION OF ADDITIONAL FEDERAL AND DISTRICT OF COLUMBIA CONTRIBUTIONS FOR CONSTRUCTION OF THE ADOPTED REGIONAL SYSTEM

SEC. 2. (a)(1) The National Capital Transportation Act of 1969 (D.C. Code, sec. 1-1441 et seq.) is amended by adding after section 13 the following new section:

Digitized by Google

"AUTHORIZATION OF ADDITIONAL FEDERAL CONTRIBUTIONS FOR CONSTRUCTION

"SEC. 14. (a) The Secretary of Transportation is authorized to make contributions to the Transit Authority, in addition to the contributions authorized by section 3 of this Act, for the purpose of financing in part the cost of construction of the Adopted Regional System.

"(b) Federal contributions under subsection (a) for the Adopted Regional System shall be subject to section 17 and to the following limitations and conditions:

"(1) The work for which such contributions are authorized shall be subject to the provisions of the Compact and shall be for projects included in the Adopted Regional System.

"(2) The aggregate amount of such Federal contributions made during any fiscal year shall be matched by the local participating governments by payment of capital contributions for such year in a total amount that is not less than 25 per centum of the amount of such Federal contributions.

"(c)(1) There is authorized to be appropriated to the Secretary of Transportation for the purpose of making contributions under subsection (a) the following amounts:

"(A) For fiscal year 1982, the amount of $275,000,000.

"(B) For fiscal year 1983, the amount of $275,000,000.

"(C) For fiscal year 1984, the amount of $275,000,000.

"(D) For fiscal year 1985, the amount of $275,000,000.

"(E) For fiscal year 1986, the amount of $275,000,000.

"(F) For fiscal year 1987, the amount of $275,000,000.

"(2) In addition to the amounts authorized to be appropriated by paragraph (1), there is authorized to be appropriated to the Secretary of Transportation during the period beginning on October 1, 1981, and ending on September 30, 1987, a total of $150,000,000 for contributions under subsection (a) for the purpose of assisting the Transit Authority in meeting unanticipated costs in the construction of the Adopted Regional System.

"(d) Amounts appropriated under subsection (c)—

"(1) shall remain available until expended, if so provided in appropriation Acts; and

"(2) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964 and the Federal Aid Highway Act of 1973."

(2) Section 3 of such Act (D.C. Code, sec. 1-1442) is amended—

(A) by inserting "under this section" in subsection (a) after "Federal contributions"; and

(B) by inserting "under this section" in subsection (b) after "Federal contributions" the first place it appears therein.

(b) Effective October 1, 1979, section 4 of such Act (D.C. Code, sec. 1-1443), relating to District of Columbia contributions, is amended—

(1) by striking out "Commissioner" in subsections (a) and (d) and inserting in lieu thereof "Mayor";

(2) by striking out "aggregating not to exceed $269,700,000" in the first sentence of subsection (a); and

(3) by striking out "not to exceed $219,700,000" in the second sentence of subsection (a) and inserting in lieu thereof "such sums as may be necessary".

PAYMENT OF PRINCIPAL AND INTEREST ON BONDS ISSUED BY THE TRANSIT AUTHORITY

SEC. 3. (a) The National Capital Transportation Act of 1969 is amended by adding after section 14 (as added by section 2 of this Act) the following new section:

"PAYMENT OF BONDS

"SEC. 15.(a)(1) The Transit Authority shall establish a sinking fund to be used for the accumulation of assets for payment of principal on bonds issued by the Transit Authority. The fund shall be established and administered in accordance with the provisions of the Compact providing for funds established by the Transit Authority, and moneys in the fund may be invested by the Transit Authority in accordance with the Compact.

"(2) Assets of the fund shall be used to pay the principal on bonds issued by the Transit Authority.

"(b)(1) The Secretary of Transportation shall (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of two-thirds of the principal of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of two-thirds of the principal of such bonds.

Digitized by Google

"(2) The local participating governments shall make payments to the Transit Authority in amounts sufficient to allow the Transit Authority to (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of one-third of the principal of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of one-third of the principal of such bonds, and the Transit Authority shall make such contributions or otherwise provide for such payments.

"(c)(1)(A) The Secretary of Transportation shall make contributions to the Transit Authority, in addition to other contributions authorized by this Act, in amounts sufficient to provide for the payment of two-thirds of the total amount of interest paid or to be paid after October 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section.

"(B) In carrying out subparagraph (A), the Secretary of Transportation shall make contributions in amounts sufficient to provide for the payment, as any payment becomes due, of not more than 85 per centum of the interest due on such bonds at the time of such payment so long as the total amount of contributions by the Secretary under this subsection does not exceed the amount specified in subparagraph (A).

"(2) The local participating governments shall make payments to the Transit Authority in amount sufficient to allow the Transit Authority to provide for the payment of one-third of the interest paid or to be paid after October 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, and the Transit Authority shall make such payments.

"(3) If as a result of the retirement of the principal of such bonds (or of any portion of such principal) before maturity the total amount of contributions by the Secretary of Transportation after October 1, 1979, for payment of interest on such bonds is at any time in excess of two-thirds of the total amount of interest paid or to be paid on such bonds after such date, the Transit Authority shall pay to the Secretary the difference between the total amount contributed by the Secretary and two-thirds of the total amount of interest paid or to be paid on such bonds after such date."

(b)(1) Section 9(d) of such Act (D.C. Code, sec. 1-1446) is repealed.

(2) The amendment made by paragraph (1) applies with respect to obligations of the Washington Metropolitan Area Transit Authority issued after the date of the enactment of this Act.

(c)(1) Section 10 of such Act (D.C. Code, sec. 1-1447) is repealed.

(2) The amendment made by paragraph (1) applies with respect to net interest cost and fees, commissions, and other costs of issuance incurred by the Washington Metropolitan Area Transit Authority on or after the date of the enactment of this Act or October 1, 1979, whichever is later.

(d)(1) Subsections (a) and (b) of section 11 of such Act (D.C. Code, sec. 1-1448) are amended by striking out "section 10" and inserting in lieu thereof "section 15".

(2) The amendments made by paragraph (1) take effect on the date of the enactment of this Act or on October 1, 1979, whichever is later.

ANNUAL FEDERAL CONTRIBUTION FOR RAIL OPERATING EXPENSES

SEC. 14. The National Capital Transportation Act of 1969 is amended by adding after section 15 (as added by section 3 of this Act) the following new section:

"ANNUAL FEDERAL CONTRIBUTION FOR OPERATING EXPENSES

"SEC. 16. (a) Subject to section 17, the Secretary of Transportation is authorized to make an annual contribution to the Transit Authority to finance in part the cost of operating and maintaining the rapid rail transit system of the Transit Authority.

"(b) There is authorized to be appropriated to the Secretary of Transportation for the purpose of making contributions under subsection (a) the following amounts:

"(1) For fiscal year 1981, the amount of $20,000,000.
"(2) For fiscal year 1982, the amount of $21,200,000.
"(3) For fiscal year 1983, the amount of $22,500,000.
"(4) For fiscal year 1984, the amount of $23,800,000.
"(5) For fiscal year 1985, the amount of $25,200,000.
"(6) For fiscal year 1986, the amount of $26,700,000.
"(7) For fiscal year 1987, the amount of $28,300,000.
"(8) For fiscal year 1988, the amount of $30,000,000.

"(c) Amounts appropriated under subsection (c)—

"(1) shall remain available until expended, if so provided in appropriation Acts; and

Digitized by Google

"(2) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964."

REQUIREMENT THAT LOCAL PARTICIPATING GOVERNMENTS HAVE A DEDICATED SOURCE OF REVENUE FOR CONTRIBUTIONS FOR RAIL OPERATING EXPENSES

SEC. 5. (a) The National Capital Transportation Act of 1969 is amended by adding after section 16 (as added by section 4 of this Act) the following new section:

"REQUIREMENT THAT LOCAL PARTICIPATING GOVERNMENTS HAVE A DEDICATED SOURCE OF REVENUE FOR CONTRIBUTIONS FOR RAIL OPERATING EXPENSES

"SEC. 17. The Secretary of Transportation may not make any contribution under section 14(a) for the cost of construction of the Adopted Regional System, or under section 16(a) for the cost of operating and maintaining the rapid rail transit system of the Transit Authority, until the Secretary has determined that the local participating governments have provided for a dedicated source of revenue sufficient to meet that part of the cost of operating and maintaining the rapid rail transit system of the Transit Authority that is in excess of revenues received by the Transit Authority from the operation of the system and any amount to be contributed for operating expenses by the Secretary of Transportation under section 16(a) and any other provision of law.".

(b) Each governmental entity that is a local participating government for the purposes of the National Capital Transportation Act of 1969 should submit a plan to the Secretary of Transportation not later than September 30, 1980, showing that such governmental entity has a dedicated source of revenue to provide for its contribution for the cost of operating and maintaining the rapid rail transit system of the Washington Metropolitan Area Transit Authority.

[H.R. 1792, 96th Cong., 1st sess.]

(By Mr. Harris (for himself, Mr. Diggs, Mr. Fauntroy, Mr. Fisher, Mrs. Spellman, and Mr. Barnes) on February 1, 1979)

A BILL To amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital Region, to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority, and to provide an authorization for an annual Federal payment to such Authority to provide assistance in meeting expenses of operation and maintenance of such system to reflect the special Federal relationship to such system.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Capital Transportation Amendments of 1979".

SEC. 2. (a)(1) The National Capital Transportation Act of 1969 (D.C. Code, sec. 1-1441 et seq.) is amended by adding after section 13 the following new section:

"AUTHORIZATION OF ADDITIONAL FEDERAL CONTRIBUTIONS FOR CONSTRUCTION

"SEC. 14. (a) The Secretary of Transportation is authorized to make contributions to the Transit Authority, in addition to the contributions authorized by section 3 of this Act, for the purpose of financing in part the cost of construction of the Adopted Regional System.

"(b) Federal contributions under subsection (a) for the Adopted Regional System shall be subject to the following limitations and conditions:

"(1) The work for which such contributions are authorized shall be subject to the provisions of the Compact and shall be for projects included in the Adopted Regional System.

"(2) The aggregate amount of such Federal contributions made during any fiscal year shall be matched by the local participating governments by payment of capital contributions for such year in a total amount that is not less than 25 per centum of the amount of such Federal contributions.

"(c)(1) There is authorized to be appropriated to the Secretary of Transportation for fiscal years beginning on or after October 1, 1980, a total amount of $1,700,000,000 to carry out the purposes of this section.

"(2) Amounts appropriated under paragraph (1)—

"(A) shall remain available until expended; and

Digitized by Google

"(B) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964 and the Federal Aid Highway Act of 1973."

(2) Section 3 of such Act (D.C. Code, sec. 1-1442) is amended—

(A) by inserting "under this section" in subsection (a) after "Federal contributions"; and

(B) by inserting "under this section" in subsection (b) after "Federal contributions" the first place it appears therein.

(b) Effective October 1, 1979, section 4 of such Act (D.C. Code, sec. 1-1443), relating to District of Columbia contributions, is amended—

(1) by striking out "Commissioner" in subsections (a) and (d) and inserting in lieu thereof "Mayor"; and

(2) by striking out "aggregating not to exceed $269,700,000" in the first sentence of subsection (a); and

(3) by striking out "not to exceed $219,700,000" in the second sentence of subsection (a) and inserting in lieu thereof "such sums as may be necessary".

SEC. 3. (a) The National Capital Transportation Act of 1969 is amended by adding after section 14 (as added by section 2 of this Act) the following new section:

"PAYMENT OF BONDS

"SEC. 15.(a)(1) The Transit Authority shall establish a sinking fund to be used for the accumulation of assets for payment of principal on bonds issued by the Transit Authority. The fund shall be established and administered in accordance with the provisions of the Compact providing for funds established by the Transit Authority, and moneys in the fund may be invested by the Transit Authority in accordance with the Compact.

"(2) Assets of the fund shall be used to pay the principal on bonds issued by the Transit Authority.

"(b)(1) The Secretary of Transportation shall (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of two-thirds of the principal of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of two-thirds of the principal of such bonds.

"(2) The local participating governments shall make payments to the Transit Authority in amounts sufficient to allow the Transit Authority to (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of one-third of the principal of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of one-third of the principal of such bonds, and the Transit Authority shall make such contributions or otherwise provide for such payments.

"(c)(1)(A) The Secretary of Transportation shall make contributions to the Transit Authority, in addition to other contributions authorized by this Act, in amounts sufficient to provide for the payment of two-thirds of the total amount of interest paid or to be paid after January 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section.

"(B) In carrying out subparagraph (A), the Secretary of Transportation shall make contributions in amounts sufficient to provide for the payment, as any payment becomes due, of not more than 85 per centum of the interest due on such bonds at the time of such payment so long as the total amount of contributions by the Secretary under this subsection does not exceed the amount specified in subparagraph (A).

"(2) The local participating governments shall make payments to the Transit Authority in amounts sufficient to allow the Transit Authority to provide for the payment of one-third of the interest paid or to be paid after January 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, and the Transit Authority shall make such payments.

"(3) If as a result of the retirement of the principal of such bonds (or of any portion of such principal) before maturity the total amount of contributions by the Secretary of Transportation after January 1, 1979, for payment of interest on such bonds is at any time in excess of two-thirds of the total amount of interest paid or to be paid on such bonds after such date, the Transit Authority shall pay to the Secretary the difference between the total amount contributed by the Secretary and two-thirds of the total amount of interest paid or to be paid on such bonds after such date.".

(b)(1) Section 9(d) of the National Capital Transportation Act of 1969 (D.C. Code, sec. 1-1446) is repealed.

Digitized by Google

(2) The amendment made by paragraph (1) applies with respect to obligations of the Washington Metropolitan Area Transit Authority issued after the date of the enactment of this Act.

(c)(1) Section 10 of such Act (D.C. Code, sec. 1-1447) is repealed.

(2) The amendment made by paragraph (1) applies with respect to net interest cost and fees, commissions, and other costs of issuance incurred by the Washington Metropolitan Area Transit Authority on or after the date of the enactment of this Act.

(d)(1) Subsections (a) and (b) of section 11 of such Act (D.C. Code, sec. 1-1448) are amended by striking out "section 10" and inserting in lieu thereof "section 15".

(2) The amendments made by paragraph (1) take effect on the date of the enactment of this Act or on October 1, 1979, whichever is later.

SEC. 4. The National Capital Transportation Act of 1969 is amended by adding after section 15 (as added by section 3 of this Act) the following new section:

"ANNUAL FEDERAL CONTRIBUTION FOR OPERATING EXPENSES

"SEC. 16. (a) The Secretary of Transportation is authorized to make an annual contribution to the Transit Authority to finance in part the cost of operating and maintaining the transit system of the Transit Authority.

"(b) There is authorized to be appropriated to the Secretary of Transportation to carry out the purpose of subsection (a) the following amounts:

"(1) For fiscal year 1980, the amount of $20,000,000.
"(2) For fiscal year 1981, the amount of $21,200,000.
"(3) For fiscal year 1982, the amount of $22,500,000.
"(4) For fiscal year 1983, the amount of $23,800,000.
"(5) For fiscal year 1984, the amount of $25,200,000.
"(6) For fiscal year 1985, the amount of $26,700,000.
"(7) For fiscal year 1986, the amount of $28,300,000.
"(8) For fiscal year 1987, the amount of $30,000,000.

"(c) Contributions under this section shall be made without any requirement of a matching contribution by the local participating governments and shall be in addition to contributions under any other section of this Act.

"(d) Amounts appropriated under subsection (b)—

"(1) shall remain available until expended; and

"(2) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964.".

STAFF ISSUE PAPER ON METRO FINANCING BILLS, H.R. 3634 AND H.R. 1792

BRIEF HISTORY OF THE METRO TRANSIT SYSTEM'S SPECIAL FEDERAL RELATIONSHIP

In 1952, when Congress passed the National Capital Planning Act, the first serious analysis of the area's transportation problems was conducted. Planning of rapid rail began in 1960 after Congress passed the National Capital Transportation Act. The Act reads in part as follows:

"The Congress finds that an improved transportation system for the National Capital region is essential for the continued and effective performance of the functions of the government of the United States, for the welfare of the District of Columbia, for the orderly growth and development of the National Capital region, and for the preservation of the beauty and dignity of the Nation's Capital. . . . The Congress therefore declares that it is the continuing policy and responsibility of the federal government, in cooperation with state and local governments of the National Capital region, to encourage and aid in the planning and development of a unified and coordinated transportation system for the National Capital region."

With the planning groundwork established by the 1960 Act, President Johnson submitted to the Congress the National Capital Transportation Act of 1965. In his letter transmitting the proposed legislation, President Johnson stated:

"The problem of mass transportation in the Washington area is critical. It is also a problem in which the federal government has a unique interest and responsibility. As Congress found in the National Capital Transportation Act of 1960, an improved transportation system for this area is essential for the continued and effective performance of the functions of the Government of the United States, for the welfare of the District of Columbia, for the orderly growth and development of the National Capital region, and for the preservation of the beauty and dignity of the Nation's Capital."

The next major step forward was the National Capital Transportation Act of 1969, which provided the primary financial program for a truly regional public transpor-

Digitized by Google

tation system. In supporting this bill, Phillip S. Hughes, then Deputy Director of the U.S. Bureau of the Budget, testified on behalf of the Administration as follows:

". . . enactment of the proposed legislation would recognize the special Federal interest in the National Capital region. The presence of the seat of Government in Washington is, of course, the source of the Federal interest in the District of Columbia and the surrounding metropolitan area. This Federal interest, unique to this area among all American cities, is the principal reason that historically the rapid transit needs of the National Capital region have been pursued through separate legislation rather than under the nation-wide Urban Mass Transportation Act. However, the proposed legislation is consistent with national objectives for support of rail rapid transit and—as I have already indicated—the Federal and local two-thirds to one-third sharing ratio is patterned after the formula in the national program. The proposed rapid transit legislation for the National Capital area recognizes, however, the special Federal interest in the Nation's Capital. This interest is directed to the needs and responsibilities of the Federal Government which stem from:

"the Federal impact on the region's economy;

"the role of the Federal Government as the major employer in the area; and

"the Federal concern for improving the quality of life in the Nation's Capital."

In September, 1976, Urban Mass Transportation Administration, UMTA, Administrator Patricelli stated:

"The Metrorail project is the product of decades of planning and a direct appropriation from the Congress. The project appropriately enjoys a special relationship with the Federal Government, and *UMTA intends to honor that relationship now that it has come under our jurisdiction.*" (Emphasis supplied.)

In May 1978 UMTA Administrator, Richard Page, testified in hearings before the House District Committee Subcommittee on Economic Development and Regional Affairs, that the House Appropriations Subcommittee on Transportation in 1976 directed UMTA to require Metro to undertake a comprehensive analysis of alternatives of two segments of the proposed 98 mile system. Mr. Page indicated further that "The Alternatives Analysis here (in Washington) has been one of the best prepared throughout the country. It has been comprehensive, intensive, and I suggest it has been extremely useful for both local and Federal officials." The study recommended to the Department of Transportation and local governments that a Metro system of more than 100 miles—102 miles—be built.

In addition, Mr. Page testified that a locally developed financial plan including a means of financing continued capital construction and operating cost was desperately needed. Early in 1979 such a Financial Plan was adopted by the WMATA. The Financial Plan developed calls for completing the 101 mile system by late 1987 and is based on receiving a federal contribution of $400 million a year. The UMTA and OMB have budgeted Metro to receive funds at a rate of $275 million for 1980 and 1981 and have made no commitments beyond that expenditure of highway transfer fund entitlements of the jurisdictions in the region. While budgeting this level of funding, UMTA is communicating to the local jurisdictions, and particularly the statehouses in Maryland and Virginia, that a financial plan incorporating some form of a dedicated tax for Metro operations must be forthcoming. The state legislatures of both Maryland and Virginia have twice voted down a dedicated regional tax for their respective states. Despite this fact, political representatives are confident that such a tax will eventually pass both state legislatures.

The unchallenged success of Metro has its foundation in the long history of financial and political partnership of local and state governments with the federal government. Despite that history, the present Administration has backed away from past commitments suggesting that Metro must be treated effective fiscal years 1982 as just another mass transit system in competing for available federal funds.

In viewing federal support for Metro, it is important to emphasize that this system is unique beyond its location in the nation's capital. Metro is also unique among mass transit systems in that it serves and is financed by three states, Maryland, Virginia and the District of Columbia. Metro is tied together by a financial interjurisdictional compact that is politically unique. The citizens of Virginia and Maryland have contributed tax dollars to Metro in good faith before Metro reached their borders. In some of these jurisdictions, Metro is the largest single item in their budget. For the federal government to now waiver in its commitment to Metro before the total system is completed is viewed as a breach of faith that could undo much of what has been accomplished in the last 10 years.

Digitized by Google

CURRENT NEEDS OF THE METRO TRANSIT SYSTEM

In 1979, after three years of highly successful operation with less than one-third of its planned system in place, (and another one-third under construction) the Washington Metropolitan Area Transit Authority, WMATA, needs a reaffirmation by Congress that that federal commitment to its early completion still stands.

WMATA needs renewed Congressional support in three areas:

(1) A reaffirmation of the longstanding Federal Government financial commitment to complete a total Metro transit system in the Nation's Capital. Congress needs to act to continue the Federal commitment of a special funding authorization for capital construction for mass transit in the Nation's Capital.

(2) Establishment by Congress of a method for the orderly retirement of bonds issued by the WMATA. A plan for retirement has been agreed to by both WMATA and the U.S. Department of Transportation.

(3) Creation of an on-going Federal contribution to the operating costs of Metro that properly reflects the special federal interests and benefits occurring from use of this mass transit system.

Unless a special funding authorization is enacted by Congress the system designed to serve the region and endorsed by a longstanding federal commitment will fall approximately 41 miles and $1.7 billion short of completion by fiscal year 1982. At that time Metro will begin competing with every other mass transit system for available construction funds.

Legislation to authorize the $1.7 billion required to complete the 101 mile Metro system has been introduced in the House and Senate. The bills are: H.R. 3634, H.R. 1792, and S. 828.

The second area in which WMATA needs the attention of the 96th Congress concerns the payment of interest and principal on approximately $1 billion in construction bonds due to expire in 2010. These bonds predate the existence of UMTA and highway transfer funds. When sold they were the only means available to WMATA to acquire construction funds for Metro. Conventional wisdom at that time assumed the farebox would be sufficient to meet the payment of interest and principal. Everyone knows better now and it is unfair and unrealistic to expect the local taxpayer to cover this expense alone.

Because these bonds are guaranteed by the federal government a plan has been developed by WMATA and the U.S. Department of Transportation that requires legislative endorsement by the Congress. This plan would have the government share in the cost of those bonds at the same ratio it participated in other types of construction projects during the period the bonds were sold. That ratio is 66⅔ federal and 33⅓ local.

The third area in which WMATA seeks Congressional support concerns the need for a federal contribution to operating costs that reflects the special benefits the government receives from the availability of this system.

The benefits of Metro to the day-to-day operation of the government are immense. The convenience and savings from stations dedicated to government facilities such as the Pentagon and NIH are immeasurable. Time and dollars saved by employees using Metro instead of taxies on official business and the greatly reduced loss of time due to inclement weather are just two of the many advantages of Metro to the federal government.

Legislation has been introduced in the House and Senate that would set federal participation in the operating costs of Metro at approximately 10 percent. This federal contribution to the operating cost is intended to be a short-term Federal contribution during the remaining few years of construction. It is not intended to continue beyond the construction phase.

It is anticipated that once the high outlays of construction funds are lifted from the local jurisdictions and the system is fully operational that local jurisdictions will be better able to meet the operating deficits.

THE SPECIAL FEDERAL RELATIONSHIP OF THE TRANSIT SYSTEM

This legislation emphasizes the special obligation of the Federal Government to the citizens of northern Virginia, suburban Maryland and the District of Columbia when it sets special requirements that go beyond those set for similar projects in other parts of the country.

The Washington Metro system is a transit system befitting a Nation's Capital. President Johnson specified that it be so. Metro had to receive the approval of the National Capital Planning Commission. Station and car designs were reviewed by the U.S. Fine Arts Commission. Stations were built and are maintained at the request of the Federal Government and are located in Federal buildings. Such costly

Digitized by Google

requirements do not exist for the taxpayers of any other U.S. city as they design and build mass transit systems.

COMPARISON OF THE METRO FINANCING BILLS H.R. 3634 AND H.R. 1792, NATIONAL CAPITAL TRANSPORTATION AMENDMENTS OF 1979

I. Authorization of additional Federal Contribution for construction

H.R. 3634—

authorizes the Secretary of Transportation to make annual contributions of $275 million from fiscal year 1982 to and including fiscal year 1987;

requires a local match of 25 percent;

$150 million is authorized to be available for unanticipated costs beginning fiscal year 1982 to fiscal year 1987; and

authorizes such funds as may be necessary for the District of Columbia contribution to the Metro system.

Comment: The rate of authorized annual contribution is set to reflect the current Carter Administration recommended level of funding for fiscal year 1980–81. In discussions with House Appropriations Subcommittee on Transportation staff and UMTA it was suggested that this is a realistic rate of expenditure. DOT staff indicated that WMATA has had $400 million available in the past but could not spend at that rate. In addition, the $275 million annual rate for the WMATA will not adversely effect Department of Transportation mass transit funds available to other cities.

H.R. 1792—

authorizes to be appropriated to the Secretary of Transportation for fiscal years beginning 1981 $1.7 billion for construction of Metro. The bill does not limit the amount to be appropriated by year;

requires a 25 percent local match; and

authorizes for the District of Columbia such funds as may be necessary.

II. Payment of principal and interest on bonds issued by the Transit Authority

H.R. 3634—The bill directs the Transit Authority to establish a sinking fund to be used for payment of principal and interest on bonds issued. It authorizes the Secretary of Transportation to make contributions of two-thirds the amount due on principal and interest and one-third local match from the local participating government. This bond payment provision will become effective in fiscal year 1980.

H.R. 1792—The provisions of the bill are the same as H.R. 3634 except that the starting date is January 1, 1979 as opposed to October 1, 1979 in H.R. 3634.

III. Annual Federal contribution for rail operating expenses

H.R. 3634—Authorizes the Secretary of Transportation to make annual contributions to the operating cost of Metro beginning in fiscal year 1981 of $20 million and increasing by about 6 percent per year until fiscal year 1988 when the subsidy stops.

H.R. 1792—Authorizes the Secretary of Transportation to make annual contributions to the operating cost of Metro beginning in fiscal year 1980 and continuing at the same rate as H.R. 3634 until fiscal year 1987.

Comment: The differences in the beginning and ending dates for the federal contribution relates to the differences in the construction cost contribution and schedule for completion of Metro in the two bills.

IV. Requirement that local participating governments have a dedicated source of revenue for contributions for rail operating expenses

H.R. 3634—The bill prohibits the Secretary of Transportation from making any contribution to the Transit Authority for cost of construction or operating costs until the Secretary has determined that the local participating governments have provided for a dedicated source of revenue sufficient to meet local matching fund requirements for operating costs by fiscal year 1981.

H.R. 1792—The bill does not include this provision for local dedicated source of revenue.

Comment: The need for a dedicated source of local revenue to support the local financial responsibility to Metro has been communicated to WMATA by Secretary of Transportation, Brock Adams in his letter of November 21, 1977. In addition the House Appropriations Committee in June 1977 made it clear to the Department of Transportation that such a plan was needed in order to make decisions about Metro financing. Secretary of Transportation Brock Adams has emphasized that this requirement of a dedicated source is exactly the same policy that applies to every other rapid transit system.

Digitized by Google

As stated elsewhere in this memorandum the local governments are working with their respective state legislatures to have a dedicated tax enacted. This bill allows the states one more legislative year to enact such legislation.

Mr. STARK. In the interest of brevity and proceeding rapidly, I would like to call the chairman of the Board of the Washington Metropolitan Transit Authority, the Reverend Jerry A. Moore, Jr., and Mr. Theodore Lutz, the general manager, and ask them to come to the witness table and while they are doing that, I would be glad to yield to my distinguished colleague from Virginia for opening remarks that I am sure he is going to make.

STATEMENT OF REPRESENTATIVE HARRIS

Mr. HARRIS. Mr. Chairman, and the Chair has been kind enough to schedule the Congressional Metropolitan Caucus. My colleague, Mr. Fauntroy and myself and Congressperson Spellman and Mr. Barnes and Fisher and Holt will testify, and I would present a statement at that time. Just to state in the beginning, I want to express my real appreciation to the chairman for scheduling these hearings. I think that it is extremely important that we do, in fact, look at and set down a firm legislative foundation for the completion of Metro. There seems to be, after literally years of study and restudy, a firm commitment by everyone who has looked at the problem, that the 100-mile system, is desirable and essential. It seems to be that that argument is behind us.

What the subcommittee needs to determine is precisely how we ask this Congress to authorize the necessary Federal share toward the completion, and perhaps the operation of Metro. As we fine tune this, I feel that frankly it will be the most important piece of legislation that this committee handles this year, and probably the most important piece of legislation as far as the Nation's Capital is concerned that will be considered by this Congress. I applaud the chairman for scheduling these hearings. I look forward very much to the testimony of the experts and the officials who are cooperating and coordinating their efforts to achieve success.

Thank you.

Mr. STARK. Thank you. I would like, if I may, to make part of the record an opening statement prepared by the ranking minority member, Stewart B. McKinney, of Connecticut, and ask minority counsel whether he feels that Mr. McKinney will be pleased to have this submitted as part of the record.

Mr. SINGLETON. Indeed. I think in the interest of time it would be appropriate just to have it submitted for the record.

Mr. STARK. I ask unanimous consent that Mr. McKinney's opening statement be made part of the record. Without objection, so ordered.

[The above-referred-to statement follows:]

STATEMENT OF REPRESENTATIVE McKINNEY

Mr. MCKINNEY. The need for a mass transit system in the District of Columbia was recognized as long ago as the turn of the century. In 1935, Mary Norton, who was chairman of this committee at the time, advocated the development of a mass transit subway system for the Nation's Capital. The first step in the devel-

Digitized by Google

opment of a mass transit system was taken with the merger of the District's street car companies into one system.

Congress again addressed the issue of the area's transportation needs in 1952 when the National Capital Planning Act was passed. It was recognized that it would be in the Federal interest for the area to have a well balanced, far-reaching mass transportation system, and the actual planning of what is now Metro commenced in 1960.

There is no doubt in my mind that Metro is a tremendous success. It will be an even greater success when the full 101-mile system is completed. Whenever I hear on the weather report that COG is warning us of hazardous air quality conditions in the Washington area, I wonder when we are going to get the cars off the road. There is no doubt that the prime contributor to this problem is the tremendous number of automobiles that pour in and out of the city daily. The only way to reduce the number is to make the mass transit system more attractive to these drivers; and to do that we have to have a complete mass transit system.

The mass transit system developed must reach out into the suburbs with sufficient feeder buses and satellite parking. A transit system is only as good as the number of people it will reach, and if mass transit is not accessible, then people will continue to drive their cars. Now, with the increasingly serious shortage of fuel in the area, I cannot believe that anyone who could possibly avail himself of a good mass transit system would even want to drive. Mass transit must be convenient—then it will be used. For example, I used to drive to and from National Airport every weekend to catch my plane to Connecticut. I now use Metro and love it.

The two bills before the subcommittee today have the same basic purpose. Both address the issue of additional Federal contributions for WMATA construction costs, both provide an orderly method for the retirement of bonds, and both create an on-going Federal contribution to the operating costs of Metro. H.R. 3634, in addition, includes a requirement that local participating governments have a dedicated source of revenue for their part of the operating and construction costs of Metro. This requirement was included in the legislation in order to satisfy a DOT mandate which required local area jurisdictions to dedicate local revenue sources to mass transit, which is something most large city transit systems have already done.

Metro is a unique undertaking. The regional compact for funding and managing Metro succeeded because of the support and cooperation of the States of Virginia and Maryland and the District of Columbia. I will repeat today what I stated several years ago before this same subcommittee, "It should be the goal of Metro and this Congress to do all that is necessary to preserve that support and cooperation."

Mr. STARK. I now ask Mr. Moore and Mr. Lutz to proceed, but that should be prefaced by my congratulations to Mr. Lutz, who is departing as manager of Metro, for the outstanding job that he has done. I say that because I have looked in during the course of construction and operation of the Metro, and I have had the opportunity to compare it with the second best rapid transit system—when it is working—in the United States in the San Francisco Bay

Digitized by Google

area. I only wish that we had his firm hand at the till as we were proceeding with BART. I think you have done a great job, and we welcome you here. I would like to have you all proceed in whichever manner you see fit.

Mr. LUTZ. Thank you very much, Mr. Chairman. Reverend Moore, the chairman of our board, and the long-time pioneer in this effort representing the District of Columbia City Council, will be the leadoff witness.

STATEMENT OF REV. JERRY MOORE, CHAIRMAN, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Mr. MOORE. Mr. Chairman and members of the committee, the Washington Metropolitan Area Transit Authority is very pleased to testify before the Subcommittee on Metropolitan Affairs on H.R. 3634, a bill to amend the National Capital Transportation Act of 1969 to provide for funds to insure the completion of the Metrorail Transit System in the National Capital area.

It is very appropriate that legislation which provides the funding needed to complete the Metro system should emanate from this committee. Metro, with the substantial help provided by this and other congressional committees, has shattered the artificial political curtain which separates jurisdictions within the region. It has served as a catalyst in promoting regional cooperation. It has expanded the horizons for our citizens, whether they live in Fairfax City or Anacostia or Bowie. By providing mobility and accessibility, Metro has allowed us to transcend dotted lines on a map—lines which at one time were barriers to free economic and social intercourse within the region.

Mr. Chairman, I feel that H.R. 3634 or H.R. 1792 is essential to the growth and development of the National Capital region. Completion of Metro is one of the most important issues facing us and, again, I wish to compliment this subcommittee on the initiative it has undertaken.

I am particularly pleased that the chairman has invited testimony from the Metropolitan Washington Council of Governments, and from the Mayor of the District of Columbia and the Governors of Maryland and Virginia. I would hope that the witness list can be even further broadened since the subject matter is of such vital concern to so many individuals and organization within the region. Most jurisdictions in the region have previously endorsed legislative proposals contained in H.R. 1792.

All local governments have a financial interest in the proposed legislation, and I suggest that testimony from each of them might be of assistance to the Committee. In addition, public service organizations such as the Federal City Council, the Board of Trade and the League of Women Voters could provide the committee with other views. Labor organizations are also involved and interested in the completion of Metro.

I am reluctant to add further work for the committee and its staff, but I do feel that the additional testimony would be most valuable in the committee's deliberations.

Mr. Chairman, thank you for allowing me the privilege of making these few remarks. Nevertheless, needless to say, the Washington Metropolitan Area Transit Authority endorses with

Digitized by Google

enthusiasm the legislation designed to insure the completion of the Metrorail System.

With your permission, Mr. Chairman, I would like Mr. Theodore Lutz, the authority's general manager, to comment on some of the technical provisions of the legislation.

Mr. STARK. Thank you very much, Reverend Moore. I appreciate your comments and take your admonishment to heart. It is my hope that in the rather narrow constraints of the financing of Metro, most of which our bill deals with, we have not excluded anyone from testifying who could contribute expertise or ideas in that area, and I would certainly take this opportunity to apologize if we have offended anyone by not asking. But it is my feeling—I think the feeling of both members of the majority and the minority—that we have given adequate notice and opportunity to those people who can shed the most light on the facets of this bill to testify, but we will certain renew our efforts in the future so we do not leave anybody out.

Mr. MOORE. Thank you, Mr. Chairman.

Mr. STARK. We would like to welcome Mr. Lutz.

STATEMENT OF THEODORE C. LUTZ, GENERAL MANAGER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Mr. LUTZ. Thank you, Mr. Chairman, and also for your very kind words. I would be very remiss in saying to those of you who represent the bay area that all of us must remember that the BART system represented the first effort in this country in 30 to 40 years in transit technology. They made some mistakes that were inevitable in any kind of R. & D. effort, and I think those of us that have come afterward, just as Atlanta has learned from our mistakes in certain areas, will benefit.

I think we must recognize that the country did not do anything in public transit since the war until BART, so your very kind words notwithstanding, I also think that those of you who have worked and represent the Bay Area Transit System which after all represented local initiative first and did not rely on the Federal Government, I think you deserve a generous amount of credit from the point of view of public transit and those of you that represent that area should take pride in that whole R. & D. effort.

METRO GROWTH

Mr. Chairman, as Reverend Moore has indicated, we are very pleased that the committee is considering the necessary provision of funds for the completion of the Metrorail System. We believe that the entire Metro System is proving its value daily and that its present success will be magnified even more as the remaining segments are completed. Surely, the national publicity given to the success of Metro—and as one reviews the journals throughout the country this recognition whether it be—I was interested last week, and I am departing a little from the testimony—in departing, in reading articles in magazines which quite frankly had not been public transit's most enthusiastic supporters. Forbes magazine had a major article last month on the contribution of Metro to the rebirth of Washington. All this was good and has given the region

Digitized by Google

a sense of pride, as our world champion Washington Bullets and the Redskins, and I think there is another point there besides the national publicity we see, as Reverend Moore said, people mixing on our subway.

The National Capital region pulls together on that subway as a regular user and again, as I noted as I was coming out of the office this morning—the interchange of the citizens of this region can only help to build the spirit of the region. It is those citizens who are making it work. Just last week, the rails set a record ridership of close to a million and a half. Riders are attesting to this growing support. People who formerly used automobiles are now riding Metro. In fact, the studies have shown a surprising degree of demand which has been taken from the car somewhat beyond the national average and some people who did not travel at all are now using Metro.

I think that is important as you look at the demographics of this region much as you look at the demographics of the nation, a population which has a growing number of senior citizens, a population whose young people are taking on more and more challenges, and quite frankly, as we begin throughout the country to tighten up on traffic safety laws, there are a growing number of people who will not have the car alternative, and we have got to take care of those people or we are going to consign them to a rather unprotected shut-it existence and public transit takes added importance if you look just 5 years down the road at those basic demographics.

In our case, we are seeing increased ridership almost weekly. Our patronage on the weekday is increasing. As we reported to the board last week, evening ridership is growing and the Saturday service which we initiated last year is more and more popular, now approaching 80,000 to 90,000 on an average Saturday. Again, I want to commend the BART people for leading the way and phasing that in and showing us how it can be done.

The board is debating a Sunday service which I hope will be initiated later this year. I believe it is a growing census with the energy crisis that this rather small cost is a good thing, although the votes are not yet in on that matter.

But, in any case, there has been a growing maturation of the bus/rail network. You talked about San Francisco. One of the things we were able to do—and, in fact, what has been very difficult and what has allowed us, I think, to do a more effective job—is that since there is combined ownership of the bus and rail to use the bus to feed into the rail. From your own experience, you know, you have a separate AC and a separate Golden Gate and a separate this and a separate that. It is much harder to cut the deals if you don't have the interface. We did it to save the taxpayers money and to start a practice which as the rail extends more, I think will be more effective. This maturation has been paid for. It is perhaps one of the reasons why one gets tired in a hurry, but it has been, I think, very important for the region. I am also proud of the improvements in our bus fleet, and we have an excellent cooperation from the region, so that as we look toward the energy crisis, I believe our bus fleet is in a position without equal in the country to meet the demand of the citizens of this region.

Digitized by Google

We have been demonstrating that a quality ride can attract people and in some ways is even more important than price, and I think this whole concept is particularly important in the need to conserve energy and in air quality where we may be attracting a whole different group of riders who have been in the private automobile and will be particularly reviewing the quality of the ride. We have shown, we believe, that we can be a valuable tool in conserving these resources.

PROVISIONS OF H.R. 3694 AND H.R. 1792

Moving on to the critical policy aspects in the legislation before the committee, both the bill H.R. 3634 and 1792, have basically common elements, but I would like to comment on a couple of features. Both of these very salutary bills—and before we say anything, we are extremely grateful to this committee, this subcommittee for moving ahead on this matter. The financial plan was completed by the authority in a proper and timely fashion. It has been reviewed in the main in an effective fashion, and your committee's action in moving this process ahead is a further example of how government is supposed to work.

Both bills authorize additional Federal contributions for the purpose of financing part of the cost of the Metro system as a separate appropriation for the National Capital region. This approach is consistent with the entire past practice of special funding and we believe its continuation is completely supported by the current circumstances. Again, the point in your letter to me, you asked that I comment briefly on the concept of this special Federal relationship, and I must say it has been a hallmark of this program. Everyone, I think, of the local Congressional Metro Caucus that will testify later, will again point this out. Many of them have served on our board and are familiar with this, but without the Federal Government saying that this is essential to take care of an orderly transportation system for the National Capital region, this would not have happened. In my background, I served in the Office of Management and Budget in 1970, 1971 and 1972, and there it was very clear that, in fact, the executive office of the president took the leadership, and because of this Federal interest in promoting this program, authoring in main the legislation and working very carefully with the authority to get it through.

It is a relationship which is predicated on the unique role of the Federal Government in the air quality and energy conservation and the lifeblood that the transportation brings to this region. So I believe in our financial plan, the first volume summarizes this whole history going back to the early fifties when Congress authorized the study and got this thing going, and remember that this whole approach predates the national transit program by any significant measure.

So we believe that the practice that your bills have embodied is solid and completely justifiable, not just in past practice, but in current benefits to the Federal Government. Such additional authorization, because as we all recognize there's a chicken and egg flavor to this whole proposition, but this additional action by your committee and by the Congress is essential to allow what, again,

Digitized by Google

has been an orderly process by which the authorization is in place to complete the system; the Federal share and the local governments move forward to get the bonding or whatever other financial mechanisms allow them to proceed, and only when both are in place can the actual appropriations be utilized.

That is a key point I want to make. It is not as if by voting on this bill and moving it forward you are getting way out ahead. The practice has been that there has to be an authorization in place, but the Federal dollars cannot be actually used until the local dollars are there to go forward.

ADDITIONAL METRO AUTHORIZATIONS

This additional authorization, as I say, is important, because the local governments must go to their bond voters in many cases so that they can see some assurance as they have in the past that there is an available authorization tool that will allow their efforts not to be in vain if they move forward. We heartily endorse this concept of long-range authorizations that are embodied in your bill and in H.R. 1792. We must say we are concerned about the relative inflexibility that might be introduced by including a level of $275 million in fixed authorizations throughout the program of this bill. It appears that the authorizations for interstate transfer funds for fiscal years 1979, 1980, and 1981 are likely to be limited to $275 million. While the budget resolution, I believe, indicates that such funding levels should be reviewed in light of the impending shortage, certainly we, hopefully as realists in seeing where the Congress is at this point, are trying to redo our plan of something pretty close to the lines of $275 million for each fiscal year, 1979 which we're in, 1980 which we will start in October, and 1981.

But, we would hope that following that, we would not have any arbitrary restriction placed on the availability of the additional congressional authorizations in your bill, so that the scheduling and appropriation of such funds can be related to construction needs and the availability of local matching funds. Again, this approach is consistent with the past funding practices and preserves the possibility of accelerating construction which could save cost and which would be extremely important in light of any impending petroleum energy shortage.

What we are really saying is that the past practice has been to provide a blanket authorization to allow completion of the system and to allow the appropriations process annually to dictate the funding pace, again, which is more susceptible to an adjustment. This is very similar to the same issue that was fought out in the national transit legislation the House voted on last year, and in conference was fought out to make sure that even in the process of interstate transfers, which as you're familiar with in your area as well as here, there was a debate over whether there ought to be a fixed authorization ceiling every year for the next 5 years, and it was felt that with the energy crisis, this was inappropriate, and with the need to provide flexibility, this was inappropriate, and so they provided a blanket authorization with an allowance for annual appropriations to be set depending on the conditions that might prevail. I think it is appropriate here as well.

Digitized by Google

METRO COSTS

In any case, it is important to point out that we have a carefully reviewed financial plan that places the cost of the system at approximately $6.8 billion. However, this estimate, I must point out, is based on a Federal funding level of $400 million annually. If Federal funds were restricted at the outset to $275 million throughout the life of this bill, clearly the cost would go up over $7 billion, and in my judgment, equally important, we would have delay in completion of the system and the provision of service to the citizens of the region by several years.

Even at $275 million for just the first 3 years, we will be introducing some 6-month to a year delay in the completion of the systems to the citizens of the region. We would not like to compound that situation. I should also point out that the 20 percent local match combined with the authorizations do provide for a total system availability of over $7 billion, $7.7, to be precise, and I think this is again appropriate. There are great uncertainties, as you know, regarding the value of anticipated future interstate highway transfer projects due to the erratic nature of the economic index. This is based on a national aggregate construction index which has had some wide swings even in the last few years when it has been used to provide the authorization level, and whether funding will be available for certain other facilities from the program that are counted on in the financial plan.

What we tried to do, before asking this committee for funds, was to see whether any other existing Federal funds that could be translated into action before asking this committee to authorize, and that is reflected in our financial plan, particularly in parking facilities. Over the last 3 years, in terms of highway bills, there has been greater flexibility in using Federal funds, particularly interstate, for related parking facilities, but it is possible that the Federal Government may rule that those are not eligible, and, thus, there needs to be a cushion in this bill, again, that would only be used upon action of the appropriations process to meet this.

I commend the committee for—for the first time in my judgment—having the foresight to allow some of the cushion, because it will preclude the necessity of having to come back by having such a contingency. It is not an easy step. I am extremely pleased that both H.R. 1792 and H.R. 3634 recognize the inherent uncertainties in the financial plan to include such flexibility. I think it is a major step forward.

REPAYMENT OF DEBT SERVICE

Moving on from capital construction, both bills provide for a program for the repayment of the debt service on the revenue bonds which were issued by the Authority but guaranteed full faith and credit of the Federal Government. The bond payment program which is embodied in both bills is consistent with the understanding reached between Secretary Adams and the Authority's Board of Directors, and the Authority endorses this section as part of the total program contained in these bills. Again, I am sure you will find, in the ensuing days of testimony, that the region views that, while they are being asked to relieve the Federal Government of

Digitized by Google

some of its guarantee burden on these bonds, that it is contingent on the Federal Government assisting in the completion of the system so as to generate the full revenue and service to the region. There is a marriage there which needs to be preserved.

I also would point out that the legislation, consistent with Secretary Adam's commitments to the Board of Directors, provides for special early transitional assistance so as to retain reasonably well the status quo for several years to allow the State and local governments to adjust to the new higher local participation. Basically, the locals have been paying, over the last few years, 20 percent of the net interest costs. Within 3 or 4 years—well, it depends on what the final negotiation is with DOT—it may be longer, it may be shorter, but certainly for the next few years, they recognize that to go to one-third from 20 percent, there needs to be some adjustments in State and local budgets, and that Secretary Adams, with his experience both at the Federal level and at the State level, recognizes that there needs to be time for legislatures to adjust, and both bills provide the Secretary and the Congress the flexibility to have higher authorizations of appropriations in early years for debt service at the Federal share so as to permit this orderly transition, again I think a very wise and realistic approach.

RAIL OPERATING ASSISTANCE

With regard to the final sections of the bill: One, with regard to rail operating assistance provided under section 16, we believe, as the Chairman's statement and other statements today, that there is a role for special Federal assistance and it is well justified, again in light of the special relationship between the Authority and the Federal Government in this region.

Mr. Chairman, I have several other pages of testimony on this point which I would commend for the record which clearly outline the backgruond of this region, but I just want to single out a couple of things, because this point, I am afraid, is often overlooked.

BACKGROUND OF NCTA

For example, in 1960 the act which started the National Capital Transit Agency stated, "The Congress finds an improved transportation for the National Capital Region, one, is essential to the continued and effective performance of the functions of the Government of the United States, to the welfare of the District of Columbia, to the orderly growth and development of the National Capital Region," and I particularly emphasize that even in 1960 there was a clear recognition that the region was essential and that the Federal Government's influence extended beyond the borders of the District of Columbia into the region at large, and to continue, "for the preservation of the beauty and dignity of the Nation's Capital."

Certainly, today, we recognize that with the growing ability of the Federal Government to function, we are being related more and more to an effective public transit system, the fact that the key determinant as to whether the Federal Government will be open for business or not is related to the availability of public transit, and this argument seems to me has grown in strength over

Digitized by Google

the last 20 years, not declined. Again, to show that this concept has not just been the Congress, although it is clear the Congress has exercised considerable leadership in this area, the executive branch has traditionally had the same perspective. For example, in supporting the National Capital Transit Act of 1969, the Deputy Director at that time, Mr. Hughes, of the U.S. Bureau of the Budget testified on behalf of the administration as follows:

> Enactment of the proposed legislation would recognize the special Federal interest in the National Capital Region. The presence of the seat of Government in Washington, is, of course, the source of the Federal interest in the District of Columbia and the surrounding metropolitan area. This Federal interest, unique to this area among all American cities, is the principal reason that historically the rapid transit needs of the National Capital Region have been pursued through separate legislation rather than under the National Urban Mass Transit Act. However, the proposed legislation is consistent with national objectives for support of rail rapid transit and—as I have already indicated—the Federal and local two-thirds to one-third sharing ration is patterned after the formula in the national program. The proposed rapid transit legislation for the National Capital area recognized, however, the special Federal interest in the Nation's Capital. This interest is directed to the needs and responsibilities of the Federal Government which stem from (1) the Federal impact on the region's economy; (2) the role of Federal Government as the major employer in the area; and (3) the Federal concern for improving the quality of life in the Nation's Capital.

Again, diverting from my testimony just a minute, this bill that you have introduced (H.R. 3634) and Congressman Harris' companion bill (H.R. 1792) reflect again the same pattern that the matching ratios are based on the Federal program, now 80/20. But the unique characteristics, namely the fact that there has to be separate funding is, again, completely consistent with this historical pattern which has been developed carefully and nurtured over the last quarter of a century, so I think this bill is clearly in the mainstream of practice in this area.

FEDERAL GOVERNMENT'S INTEREST AND BENEFITS

Subsequent testimony and legislation, whether it be the National Capital Transit Act of 1969, as again amended in 1972, all continue this basic thrust. In addition, in a very pragmatic way, Metro rail provides direct service to various Federal installations—the Pentagon, Smithsonian, Arlington Cemetery, and others. This is a direct service to Federal installations which is, again I think, justification clearly for some additional measure of Federal support for operating assistance as your legislation envisions.

In addition, the Federal Government is the direct recipient of savings in that, to be very specific, cab rides that Federal employees used to take cost $3.45–$4. Many Federal agencies require those trips be made by Metrorail at a cost of 50 cents, a direct savings to the Federal Governmental agencies throughout this region. Of course, unlike other areas, in Washington the Federal Government will benefit significantly, both directly as I have discussed, but indirectly as well from the services provided. With the Federal Government's role outlined as the most extensive employer, they have a significant role in making sure public transportation works.

Again, I look to the example of other cities where, in your area, in the bay area, or take even more dramatically in Chicago, the major employers have banded together to recognize they had a unique responsibility to help public transportation. In Chicago,

Digitized by Google

where several major firms had started offering discounts to their employees who used public transit or even—well, not necessarily public transit. The 3M Company, for example, in Twin Cities, instead of building huge Federal parking—not Federal—huge parking buildings, went and provided an alternative source—in this case, they chose van pooling, but, again, to get away from the idea that we must have only the private automobile inundating our cities.

OPERATING FUNDS

It's this kind of employer leadership which, I think, the Federal Government needs to take also. Both bills would provide operating assistant to WMATA commencing at $20 million and escalating over 8 years at approximately 6 percent. We strongly endorse this provision. We believe that it is fair. Again, that does not put the Federal Government, by any means in the driver's seat. It is a small contribution. It would be somewhere in the range of 10 percent of total operating costs—we believe are minimal and yet equitable recognition of the unique role and benefits the Federal Government receives, because those dollars would allow better service, or, in some cases, a lesser need to escalate fares, or, in some cases assistance to the local property tax owner which now bears the full burden of assisting the Federal Government, as well as the local governments, in providing service.

DEDICATED REVENUE SOURCE

The final section of H.R. 3634 requires that local participating governments have a dedicated source of revenue for contributions to rail operating expenses and that such dedicated sources of revenue be in place by September 30, 1980. Clearly, the Authority has strongly recommended to its partners, to the States, that dedicated revenue sources be attained. We do believe that if this section is to be retained, however, in any final legislation, that there does need to be some latitude in flexibility written into the requirement, particularly given that there are various pacings of our legislative cycles, as you know well, and that we would not want to be in a position that a delay for one reason or another in one of the partners of the compact would penalize all other jurisdictions by completely grinding progress to a halt. We do not believe the Congress would want to be in a position of totally stopping this project and incurring the higher costs and delay to the citizens of the region that would occur. We all recognize, as all jurisdictions are now working toward the implementation of revenue sources which are dedicated to revenue needs. As you know well from your experience in the bay area, this approach has been now picked up and used throughout the Nation. We are one of the three or four areas which has not got a dedicated revenue source for public transit. I guess we and Detroit and the Philadelphia and Pittsburgh areas are the most in need of this action. Atlanta—you name it—Atlanta, Bay area, Houston, Tex., just voted themselves a dedicate revenue source, all guaranteed to recognize the special intergovernmental nature of many of these entities require a special intergovernmental solution. It is that simply.

Digitized by Google

Like the chairman, I believe I spent a good bit of time expressing deep concern about the Highway Trust Fund as a dedicated revenue source, and one might ask, "How does one justify it in this case," and I will give you my answer. I think it is important to recognize that—and if there was another way in our governmental structure to gain the kind of stability that is necessary, I would be for it; however, we have found particularly in these intergovernmental programs that you need some sort of stability. You have a unique intergovernmental situation; you need a unique financing solution, and that has certainly been the case, and especially here where you have got more than one State involved.

Mr. Chairman, as I indicated, there is action in all three bodies of this compact to gain such revenue sources. We hope that, again, that effort will be recognize and that we will be in a position to move ahead. Mr. Chairman, again I am most grateful for this leadership that you and Congressman Harris and all the colleagues in the Metropolitan Caucus have shown. Public transportation, I think, is going to come into its own in the 1980's and we are looking forward to making sure that this system, with its special relationship and mandate from the Federal Government through legislation very similar to what you have introduced and Congressman Harris has introduced, will be melded into an effective tool to allow that to be done.

Thank you, and my colleagues and I will be pleased to take any questions you might have.

[Mr. Lutz' complete prepared statement follows:]

PREPARED STATEMENT OF THEODORE C. LUTZ, GENERAL MANAGER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Mr. Chairman and members of the subcommittee, as Reverend Moore has indicated, we are very pleased that the Committee is considering providing funds for the completion of the Metrorail system. We feel that the system has proven its value and that its present success will be magnified even more as the remaining segments are completed.

I am sure that the national publicity given to the success of Metro has given us all a sense of pride—much as did the Superbowl Redskins and the World Champion Washington Bullets. But even more than the national publicity, I am most proud of the support of the citizens of the area who are riding the system. Last week's record ridership of 1.4 million attests to that support.

People who used to use automobiles are now riding Metro and some people who did not travel at all are now using Metro. Almost every week we are seeing increased ridership. Weekday patronage is increasing. Evening ridership is higher than ever and Saturdays are becoming more and more popular. I believe that Sunday service, which may be initiated this summer, will be equally successful. Over the past two years there has been a growing maturation of the combined bus/rail network of which we are particularly proud. We are proud of the many improvements in our bus fleet and of the bus/rail interface.

The legislation before this Committee continues the federal-local partnership which was started many years ago and which has been responsible for demonstrating that public transportation can be appealing and attractive. This is particularly important in the light of our need to conserve energy and to improve the quality of our air. Both energy—especially petroleum—and clean air have become two of our most valuable and scarce resources. The Metro system has shown that public transportation can be a viable tool in conserving these resources.

PROVISIONS OF LEGISLATION

There are several very important aspects in both H.R. 3634 and H.R. 1792 and I should like to comment on these.

Both bills authorize additional federal contributions for the purpose of financing in part the cost of construction of the Metro system. This approach is consistent

Digitized by Google

with entire past practice of special funding and we endorse its continuation. Such additional authorization is extremely important since it provides the basis for local jurisdictions to secure their funding requirements through bond referenda or other means, by providing some assurance of the availability of matching federal funds to complete the 101-mile system.

While we heartily endorse the concept of long-range authorizations, we question whether the stringent and relatively inflexible level of funding availability is in the best interests of the program. It appears that authorizations for the use of Interstate Highway Transfer Funds will be limited to $275 million annually for the next few years. We would hope, however, that there would be no such restriction placed upon the availability of the Congressional authorization and that the $1.8 billion of authorizations between fiscal year 1982 and fiscal year 1987 be lumped together as in H.R. 1792, so that the scheduling and appropriation of such funds can be related to construction needs and the availability of local matching funds. Again, this approach is consistent with past funding practices and preserves the possibility of an accelerated construction program which could save costs by minimizing the impact of escalation. Such an acceleration could be extremely important in the light of the approaching energy emergency.

METRO COSTS

We have estimated our system will cost $6.8 billion. However, this estimate is based upon a federal funding level of $400 million annually. If federal funds are limited to $275 million for the next three years, costs would increase to over $7 billion.

The funding proposed in H.R. 3634 plus a 20 percent local match will fund a system cost of $7.7 billion. Since there are uncertainties regarding the value of anticipated future interstate highway transfer projects due to the erratic nature of the economic index effecting the level of these funds and whether funding will be available for certain parking facilities from the regular 90–10 highway program, as set out in the cost estimates, some cushion in authorization availability as provided in both bills would be prudent.

REPAYMENT OF DEBT SERVICE

Both bills provide for a program for the repayment of the debt service on the revenue bonds issued by the Authority and guaranteed by the Federal Government. We believe that this bond payment program is generally consistent with the understanding reached between the Executive Branch and the Authority and we endorse this section as part of the total program contained in these bills. We specifically note that these bills provide for special, early assistance to local governments in meeting interest costs.

RAIL OPERATING ASSISTANCE

Annual federal contributions for rail operating expenses are provided under Section 16 and such special federal assistance is well justified in light of the unique relationship between the Authority and the Federal Government. There are over two and one-half decades of history which document and describe the special relationship which exists between the Federal Government and the Metro system.

BACKGROUND OF NCTA

The 1952 Mass Transportation Survey was funded by a one-half million dollar Congressional appropriation growing out of a Federal concern for effective public transportation in the national capital region. That effort required several years and concluded that a rapid rail transit system was a future necessity.

Following this effort in 1960, the Federal Government recognized its special relationship to the region and created the National Capital Transportation Agency to plan, design and construct a regional rapid transit system. The 1960 Act states: "The Congress finds that an improved transportation system for the national capital region (1) is essential to the continued and effective performance of the functions of the government of the United States, for the welfare of the District of Columbia, for the orderly growth and development of the national capital region and for the preservation of the beauty and dignity of the nation's capital . . ."

In supporting the National Capital Transportation Act of 1969, Deputy Director Hughes of the U.S. Bureau of the Budget, testified on behalf of the Administration as follows:

"Third, enactment of the proposed legislation would recognize the special Federal interest in the national capital region. The presence of the seat of Government in Washington is, of course, the source of the Federal interest in the District of

Digitized by Google

Columbia and the surrounding metropolitan area. This Federal interest, unique to this area among all American cities, is the principal reason that historically the rapid transit needs of the national capital region have been pursued through separate legislation rather than under the nationwide Urban Mass Transportation Act. However, the proposed legislation is consistent with national objectives for support of rail rapid transit and—as I have already indicated—the Federal and local two-thirds to one-third sharing ratio is patterned after the formula in the national program. The proposed rapid transit legislation for the national capital area recognizes, however, the special Federal interest in the Nation's Capital. This interest is directed to the needs and responsibilities of the Federal Government which stem from:

"the Federal impact on the region's economy; the role of the Federal Government as the major

"employer in the area; and

"the Federal concern for improving the quality of life in the Nation's Capital."

FEDERAL GOVERNMENT'S INTEREST AND BENEFITS

Subsequent legislation and testimony continue to emphasize the Federal Government's special and unique responsibility in the development of a sound public transportation system in this national capital region.

Metro provides direct service to various Federal installations at the Pentagon, Smithsonian, Arlington Cemetery, Federal Triangle, Federal Center and L'Enfant Plaza Stations. This kind of service provides direct savings to the Federal Government in transportation costs to its employees.

Unlike other areas, in Washington the Federal Government will benefit significantly both directly as well as indirectly from the services provided by public transportation. These benefits arise primarily as a result of the role of the Federal Government as a major employer, the most extensive landowner, and the most important operating entity in the region.

There are approximately 340,000 federal employees and 90,000 military personnel for a total of 430,000 federal-related employees in the region. Federal employees represent approximately 27 percent of the region's workers and almost half of the persons who work in the central employment area. There are many thousands of additional people whose work relates to the operation of the nation's government.

OPERATING FUNDS

Both bills would provide operating assistance to WMATA commencing at the $20,000,000 level and escalating over eight years at 6 percent annually to $30,000,000. We strongly endorse this provision. The Federal Government is a major beneficiary of the Metro system and these funds would be of important assistance to area governments whose responsibility it is to operate this system.

DEDICATED SOURCE FOR LOCAL PARTICIPATING GOVERNMENTS

Section 17 of H.R. 3634 requires that local participating governments have a dedicated source of revenue for contributions for rail operating expenses and that such dedicated sources of revenue be in place by September 30, 1980. We would recommend if this section is to be retained, that there be some latitude and flexibility written into the requirement, so that any delay in one jurisdiction would not penalize other jurisdictions.

All jurisdictions are working towards the implementation of revenue sources which are dedicated for Metro needs and we hope and expect that within two or three years such sources of revenue will be available to meet our financial obligations. However, because State, and possibly Congressional, permission is needed to impose such dedicated sources of revenue, the September 30, 1980, requirement is overly restrictive since our actions are controlled by other governmental bodies.

Our respective jurisdictions are exerting their best efforts to obtain a needed commitment to a dedicated revenue source and progress is being made and efforts will be intensified. We are confident that we will be successful but we feel that completion of Metro should not be dependent upon an arbitrary deadline for such approval.

That completes my testimony and I shall be pleased to respond to any questions.

Mr. STARK. Thank you very much, Mr. Lutz. Your fine comments about BART in California are appreciated. You neglected to mention that in addition to the research we did on BART, we presented

Digitized by Google

you with Jarvis, Gann, Brown, and proposition 13 which may be at the root of all our problems here.

I would like to take this opportunity to recognize our ranking minority member, the distinguished gentleman from Connecticut, Congressman McKinney. It is good to see you, and ask, first of all, whether Congressman Harris has any questions.

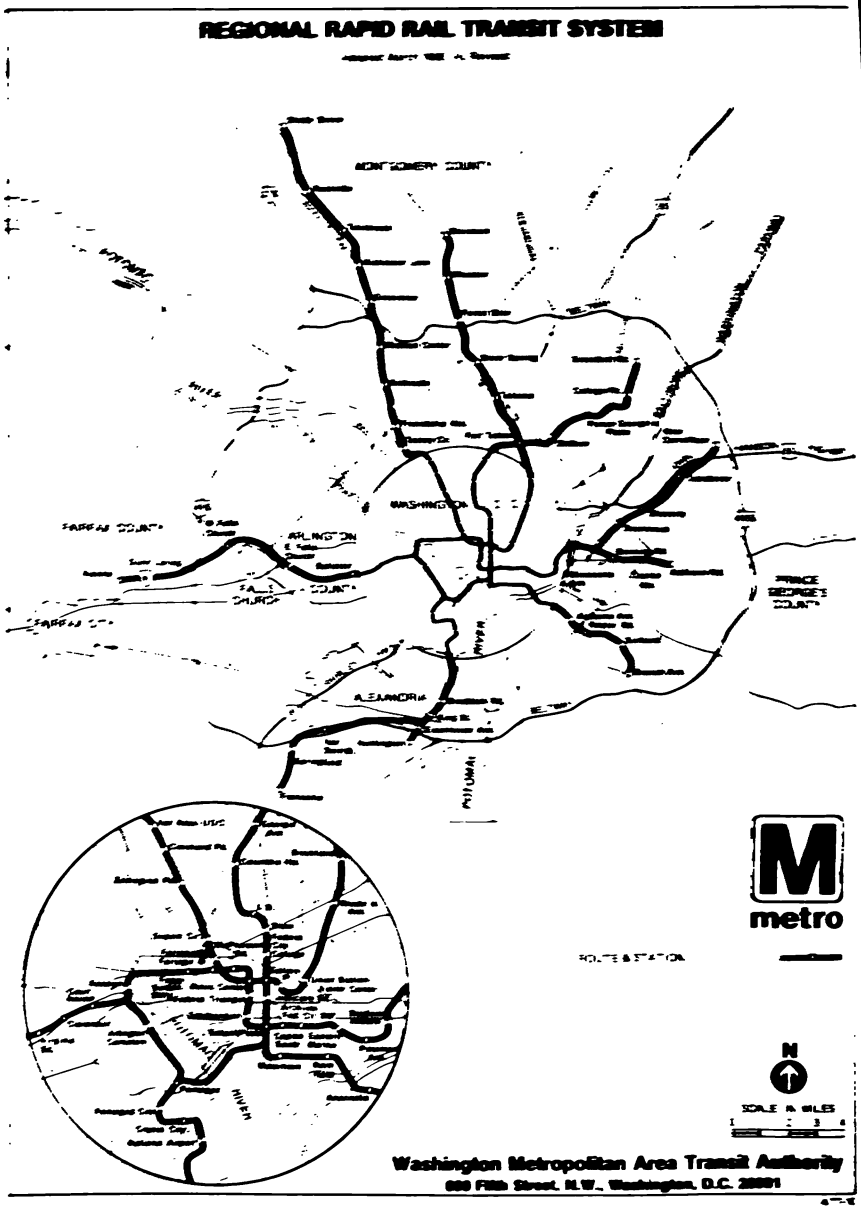
Mr. HARRIS. Thank you, Mr. Chairman. I would like to take the opportunity to congratulate, first, my good friend, Reverend Moore, and Mr. Lutz for their testimony, and for the years of dedicated service that they have given toward this accomplishment, and, of course, Mr. Glenn who always keeps us honest on our figures. We appreciate his help too. Sometimes we do not appreciate it completely, but we appreciate it in the long run.

Mr. Chairman, I would certainly like to take a couple of minutes, to have Jerry or Ted very briefly sketch where we are with regard to the plan on this map that you brought here. That is, what is actually operating now, what is under construction, and what needs to be funded? Mr. Chairman, I think so often we will start talking about figures and types on pages and what have you, but it is an exciting and wondrous thing that is going on here. If you would just take 2 minutes to sketch it there on the map for us, I would appreciate it.

Mr. STARK. Without objection, so ordered.

[The map referred to follows:]

Digitized by Google



Digitized by Google

Mr. LUTZ. Mr. Chairman, we will quickly run through it especially if Mr. Bolin will move to the other side of the map so I can see it.

PRESENT 31 METRO OPERATING MILES

We are now operating 31 miles of this 101-mile system. Those operations are now carrying over a quarter of a million people a day in rail.

Mr. HARRIS. Let us just run through the 31 miles.

Mr. LUTZ. OK. The 31 miles in operation starting with the red line, the terminal point is at Silver Spring in Montgomery County, a major site of bus/rail interface. Sometime we would like to take the subcommittee up there at 8 in the morning and see one of the most classic examples in the country of bus and rail feeding each other, including the Montgomery County system of its own as a feeder.

Moving down into the District of Columbia, the red line goes through Ft. Totten which will eventually be a major transfer point and then on down into the Rhode Island Avenue, Union Station, Judiciary Square.

Mr. HARRIS. Where the pointer is right now is Union Station. At that point, we are underground, is that correct?

Mr. LUTZ. All underground.

Mr. HARRIS. You are above ground till that point, and at that point——

Mr. LUTZ. That is correct. We are elevated—well, yes, we are basically. That service is elevated from Silver Spring down to just as you enter Union Station.

Mr. HARRIS. Mr. Chairman, to make it clear, one of the difficulties that we have had was that the use of Union Station or our visitor center station required literally months of negotiation with the Department of Interior and National Park Service with regard to coordination of that station and National Visitor Center construction. If I could emphasize to the chairman, the months of frustration we went through finally getting that plan in place were absolutely necessary. The underground entry was the only way we could get our continuous rail into the tunnel. We could not get the rails in place in the rest of the system until we got that station finished or at least open enough to get our rails inside. It was a very significant spot.

Mr. LUTZ. I would have to say that when we look at some of the reasons for the gulf in the cost of the system, the kind of delay encompassed by the very thing that Congressman Harris was talking about is that along with inflation, the major contributing factors to it, in this case it was negotiating with a Federal entity or the proper right-of-way and so forth.

Moving down to the city, Judiciary Square, moving on to Gallery Place, then on to Metro Center which is a major transfer point, we now have between the red and blue lines, and it is along with Farragut West, they took the stations in the system. Moving down to the city, McPherson's Square—no, I am sorry, we are on the red line. We move on around to Farragut North and the current terminal point, Dupont Circle. That segment again, Silver Spring and

46-263 O - 79 - 3

Digitized by Google

Dupont Circle represent major points, particularly Silver Spring where buses and rail are fed in and tied together, not perfectly, because everyone knows these points were not designed to be terminal points. That is why it is essential we get on with completing the system to get us out to the yard and parking, and the terminal facilities which are at the end of the line, but I am exceptionally proud of everybody at Metro who has worked so hard over these few years to operate under less than perfect conditions, and yet do it anyway, which now has over a half a million people using rides a day on public transit.

Moving on the blue line, this is the blue/orange line, and starting out, the only place where we have reached a terminal point is in Carrollton where there is also a considerable number of parking spaces which is a good test, all of which are filled. That is one of the lessons we learned from BART, that you have to have parking. BART has had trouble getting them at this point, but we are proposing in this financial plan to virtually double the number of parking spaces from some 30,000 to 50,000 plus. It is a crucial point and one of the lessons we did learn from BART. Hopefully, we will be able to recover in time to get some additional parking, but moving down into the station at Landover, again, we expect significant industrial growth built around the Metro and in conjunction with the Metro. Moving into Cheverly, serving an established residential community, all three of those stations have some parking.

Then into the city, we have Deanwood, Minnesota Avenue, again border residential areas. That segment that connects to the stadium was opened in November of 1978, and it has already become very, very popular, and it is one of the reasons we have pushed our ridership over this quarter-million a day on the rail alone.

Again, we have changed a considerable number of bus routes to reflect the opening of this rail station. I should say in that report that we are conscious of taxpayers' dollars how our bus fleet has been reduced by some 11 percent over the last 2 or 3 years to reflect as the rail goes up, and you can get higher productivity. That coupled with our success in obtaining part-time employment and a reasonably high percentage of split shifts has allowed us to do some better things with taxpayer dollars. We are now taking some of those buses, quite frankly, and keeping them, because the energy crisis could put tremendous pressures on peak hour bus ridership.

Moving to the city then, the Stadium/Armory, of course, is a major station for special events, and if we are able to gain concensus on opening on Sunday, it would even take on an added role with the soccer team and the football team and the other elements of the Stadium/Armory complex. Moving into Potomac Avenue, a major residential station and transfer point through to Eastern Market as we close in on the hill. Capitol South goes to the House, and then moving around Federal Center, Southwest, L'Enfant Plaze on up to the Smithsonian, a very active station and then into Federal Triangle and again back to Metro Center, and then all out to a heavy ridership corridor that goes through McPherson Square, Farragut West, the most heavily utilized station in the system, I believe. Then Foggy Bottom, and the university crossing which is near Rosslyn where there is a station I catch the bus to every

Digitized by Google

morning on up to Arlington Cemetery Station added at 100 percent Federal expense, but I might point out the Federal Government does not provide any assistance for operating costs which is one of the reasons why we believe section 16 in your bill is fully justified.

Mr. BOLIN. Or escalation.

Mr. LUTZ. Nor escalation, right. Let us continue. Pentagon, a major transfer point where we have received marvelous cooperation from the Pentagon in making that a good facility, and then Pentagon City which would be Crystal City which is an excellent example of public/private development right now, very innovative, and then on down to the airport which is the correct terminal point. Now those 31 miles, as I say, are carrying 250,000 to 260,000 riders a day.

Mr. HARRIS. OK. Ted, you have done everything now that is in operation now, as I understand, but could you just show what is under construction now?

LINES UNDER CONSTRUCTION

Mr. LUTZ. OK. The next segment to open will be out in Virginia extending beyond Rosslyn in Arlington County on up to Glebe Road, the Ballston station, another 3 miles or so, again to the Pentagon. What is going on now is an entire transformation of the bus routes in Arlington and Fairfax Counties to meet that new need, but I can cut down the time for the computer, I mean, I believe, by having them not get on the congested parts of the highway, for example, or Wilson Boulevard rather.

Moving ahead, the next segment to open would be on out through the District of Columbia and just into Prince Georges County at Addision Road. That, I think, hopefully someday will be extended on out to the Capital Center, but right now it is at Addison Road scheduled to open late next year, late 1980. Then the next segment in 1981 is a short, but very important segment running from Dupont Circle on up to Van Ness. I expect that to happen the first half of 1981. That is up there where we have been doing a lot of construction for a long time, and it would be nice to get that one done.

The next segment again—now we get into the area—well, let me complete, Mr. Chairman, what is already funded. The next segment that is funded is 1982, I believe, at Huntington, early 1982 going beyond the airport down into the Forest Service in Fairfax County.

Mr. HARRIS. All that is under construction?

Mr. LUTZ. Under construction and financed, equally important, and that is moving ahead. Early 1982, late 1981, somewhere in there will be the Huntington Route opening, and then the remaining segments that are funded and are being constructed are the A route going off up to Shady Grove completing the line from Van Ness on up to Shady Grove. That is the, quote, "60-mile financial program." We do not like to call it a system, because it is not a system. It was not designed with paramount facilities and all the others things, parking, that would be included in the system. It is a financial program. The region has reaffirmed the need for 101 miles. The President speaking through Secretary Adams has confirmed that need, so that this is to allow us to meet the State and

Digitized by Google

Federal and local goals for the best needs of the National Capital Area.

REMAINING LINES

The remaining 40 miles, I will quickly run through them. That would be, I suppose, in terms of timing, and where they fall in terms of the financial pace, would be the 14th Street Bridge connection—as I call it the L route into the city. As you know, on the 14th Street, we are a long way toward completion. This could be opened in probably, I would guess, early 1982, but that is an important chunk. The Anacostia section, as you will see, there are river crossings, as you will see, extremely important to the citizens and the leadership and the District of Columbia to connect up a region which everyone will say has been in some way neglected over the years. It is very important to citizens right now to really need to improve the public transportation and access to jobs and everything else in that sector of the city.

The others parts of the first tier of the financial program would move out on the K route. This is the program that is tied into the I-66 right-of-way. It was an integral part of both Secretary Coleman, as affirmed by Secretary Adam's decision to build I-66 with expeditious progress on the Metroline in that corridor, and it is moving ahead with some assistance from BDAP. We need the money to finish that, and that would be provided and on the way to operation.

Also down in Virginia, moving forward on this H and J lines, first to Van Dorn and then on out to completion to Springfield/Franconia station, again that is in the 1983 time frame, I believe. The remaining sections are very important sections to this whole system, the B route in Maryland beyond Silver Spring. One of the mostly densely traveled roads in the whole region is Georgia Avenue. There are no real alternatives, and the local governments had the force that many years ago to cancel freeways because they were disruptive to the community and replace it with Metro and that needs to be done.

Back to the E route again: that segment of line that pumps through the center city is very important to the rebirth and growth of that region, and then on out an extremely important line, a very high ridership line with the Route 50 traffic and so forth. Some of that corridor, you can see there is a big gap between the B route and the D route which needs to be filled in, and then the remaining segment going down to Rosecroft under current planning for 1988, 1987, depending on, again, the face of funding. That is 101 miles of the system, and throughout this process, there will be recalibrations of the bus system needed.

Mr. HARRIS. Thank you very much, Ted. Can I ask, Mr. Chairman, for the purpose of the record would Metro be able to get a reduction of that chart we have used which we could actually put into the record?

Mr. STARK. Without objection, so ordered.

If I could impose on the gentleman from Virginia and the ranking minority member to yield at this point, we have with us the Delegate from the District of Columbia, soon, I hope, to become a

Digitized by Google

voting member of Congress. If we could impose upon Mr. Lutz and the Reverend Moore for a few moments to allow the Honorable Walter Fauntroy to present his statement as he has another meeting to attend—

Mr. HARRIS. I would feel more comfortable if I were sitting right next to Delegate Fauntroy at this point. I wonder if I might ask permission to go sit beside him?

Mr. STARK. If it is all right with Congressman Fauntroy.

Mr. FAUNTROY. Herb just wants to have a reunion of board members of the Washington Metropolitan Area Transit Authority, and he wanted to sit beside the chairman here, beside whom I am very privileged to sit, Mr. Chairman. I, myself, served for a period on the Washington Metropolitan Area Transit Authority, now over 10 years.

Mr. HARRIS. Impossible.

Mr. FAUNTROY. That is impossible. I did not think I was that old. For a brief period, Mr. Chairman, I was Chairman of the WMATA Board.

STATEMENT OF DELEGATE FAUNTROY

Mr. FAUNTROY. I am delighted to have this opportunity to express both my thoughts and my appreciation to you, Mr. Chairman, and your subcommittee on consideration of legislation that will assure the timely and full completion of the 101-mile Metrorail System in this Washington Metropolitan Area. As one whose community is served by a modern rapid rail system, you, especially, Mr. Chairman, know its value and this subcommittee is fortunate to have as its chairman, one who brings this depth of knowledge and a commitment both to modern rapid rail and to our cities. That you have once again agreed to serve on the District of Columbia Committee with all of its emoluments demonstrates to me that the people of this community are in your debt for your deep and profound concern for the well being of our Nation's Capital and its surrounding community.

BACKGROUND OF METRO

You are aware that this transit system, unlike any other which exists in our Nation, has been nurtured through all of its many years by a special relationship to the Federal Government. While the history of this system begins with the approval by Congress of the National Capital Planning Act of 1952 where it was directed that plans be prepared for the movement of people in the region, the fact is that the Federal establishment has talked about the need for a modern transit system at least as far back as the early days of the Roosevelt administration. The rail system we now have as well as the integrated and unified bus system that we have are direct outgrowths of the actions taken both by the Congress and by every administration since 1952. With each passing day, the ties between this system, the region, and the Federal Government grow both stronger and more dependent upon one another.

Digitized by Google

NEED FOR FEDERAL HELP

It is with this background of thought that I come to the subcommittee today. There is an expectation that has been aroused in our people for the completion of this system. Indeed, poll after poll shows increasing support for the system; ridership increases daily; and workings of WMATA demonstrate more vividly than anything else in this area that the partnerships of region can and do work. It cannot, however, continue to work without further efforts by the Federal Government itself.

The costs of construction have escalated as have all other things. The money which was authorized at an earlier time could not have been foreseen as inadequate for the task which WMATA has in building this system. Neither could it have been foreseen that prices and costs would have risen so quickly that our hopes, made and expressed in good faith to this House, that the federally guaranteed bonds would be repaid from the farebox could not be realized. Certainly it could not have been foreseen that we, as a nation, would be facing a fuel shortage underscored by sharply escalating prices.

H.R. 3634 AND H.R. 1792

The two bills you have before you seek to meet all of these needs. Both of them resolve with as much finality as we in our times can muster how the bonds are to be repaid. It is important that we pass this provision quickly for while the Department of Transportation has been generous in its efforts and WMATA wise in its finances so that each payment has been met in a timely fashion, the makeshift arrangement we have heretofore relied upon cannot be assumed for much longer. WMATA cannot be permitted to actually go to default since such an event would adversely impact its normal financial operations. While there is adequate authority within the present law to meet all of the various financial contingencies which may arise, each of them is temporary and lacking in the kind of certainty which our public agencies ought to have and exhibit.

Each bill also seeks to have the Federal Government make an annual contribution to the Transit Authority to finance, in part, the cost of operations and maintenance, especially during these early years. This provision must also be passed. Not only does the Federal establishment benefit substantially from the inherent reliability of a modern well-run and well built system, but this area must have a system which is befitting to its place as the Nation's Capital. It serves the millions of visitors who annually make a pilgrimage to Washington, it is unfair to expect that local governments should alone pay their share of the operating deficits. While we as a region benefit from the presence of our business in many ways, it is as much a responsibility of the Federal establishment to help us make them welcome as it is ours alone. Certainly, there is much to be said for support by the Federal establishment for public transit in the one area where the Federal establishment exercises both substantial control and influence in eliminating congestion, polluted air, and the very high costs of providing free or reduced parking, highway and road maintenance. A company, in a company town, has a responsibility to its employees and a responsibility to

Digitized by Google

be an example setting citizen. The Federal Government is the company in this company town. In agreeing to this provision, the Federal Government will itself be doing what it is asking others to do. It will set an example, and it will also reap substantial benefits.

FINANCING CONSTRUCTION

Finally, I want to comment on the main provision of the bill which is the construction assistance. As you know, WMATA's financial plans call for an annual expenditure closer to $400 million than the $275 million proposed in one bill and suggested by the Department of Transportation. The larger figure comes about as the result of the concern that any greater than necessary time spent in construction increased costs and decreases revenues. While I am sympathetic to the concerns of the administration and the Appropriations and Budget Committees of the Congress that larger expenditures may tend to be unsettling, I feel compelled to ask that we do very carefully examine how any lower rate of construction expenditures may impact on the final costs. I understand that there may be amendments which would place these figures on a curve which would be in accord with a realistic construction schedule; if it's determined that the concern I have expressed is met by that process, I would encourage you to proceed in that direction.

Again, Mr. Chairman, I appreciate the opportunity to share these thoughts with you, and I hope that they're helpful to you and the subcommittee in its further consideration of this legislation.

Mr. STARK. I thank the distinguished delegate for his comments. Mr. McKinney?

Mr. MCKINNEY. Whenever the chairman wishes me too. I do not want to lose Ted.

Mr. FAUNTROY. And, Mr. Chairman, I don't want you to think that I am in a hurry or anything like that. I would hate for you not to get the right idea.

Mr. MCKINNEY. I would respectfully say to the gentleman from Washington, having served as his ranking member on the Assassinations Committee, we are always ready to accommodate the gentleman's time, because I know what it must be like to have your constitutency right here all the time.

Mr. FAUNTROY. Wonderful.

Mr. STARK. I want to thank you for your kind remarks, and assure you that it is the Chair's intention, at least, to get all we can as quickly as we can to complete Metro. I believe he served with me on the Mass Transit Subcommittee of the Banking Committee some years back when we wrote that first bill, and the question of the curve has yet to be addressed as to whether it will work or not, and it seems to me to be a reasonable compromise.

Unfortunately, this subcommittee and our full committee are not the last word. There are several other steps in the process which the gentleman, who is an expert at getting legislation through the House, understands, and we will appreciate his support when we deal with the subsequent committees that this bill must wind its way through. I certainly pledge to you and the people you repre-

Digitized by Google

sent that we will do what we can to get as much as we can as quickly as we can.

Mr. FAUNTROY. Thank you.

Mr. STARK. I would impose once again on Mr. Lutz, if I may. We have the Honorable Michael Barnes with us now, and if you would like to present your statement at this time, we will be glad to hear from you and proceed in any way you see fit.

Mr. BARNES. Thank you, Mr. Chairman. I will be very brief. Before I present some brief comments, I would like to, if it is acceptable to the subcommittee, Mr. Chairman, introduce into the record the statement of the Governor of Maryland, the Honorable Harry Hughes, that has previously been submitted to the subcommittee if that can be done.

Mr. STARK. Without objection, and I would like to note just because it will come up later in that statement that Mr. Hughes, in his letter to us, has indicated the timing of the requirement or suggestion that there be a financing plan in place seems reasonable to him and, without objection, I will make the entire statement part of the record.

[The statement referred to follows:

STATE OF MARYLAND,
EXECUTIVE DEPARTMENT,
Annapolis, Md., April 27, 1979.

Hon. FORTNEY H. STARK, Jr.,
Chairman, Subcommittee on Metropolitan Affairs,
U.S. House of Representatives, Washington, D.C.

DEAR CHAIRMAN STARK: Thank you for your letter of April 20, 1979 in which you ask that I provide testimony before the Subcommittee on Metropolitan Affairs on H.R. 3634.

I am sorry that my schedule precludes my appearance before your Committee on this important matter. However, I have enclosed copies of prepared testimony for the Committee's consideration.

As you may be aware, I have long been a supporter of the efforts to establish a balanced and efficient public transportation system for the National Capitol Region. I supported the full 101 mile Metrorail system when I was Secretary of the Maryland Department of Transportation and as Governor I continue to support the total system.

I will be pleased to provide whatever assistance and encouragement is necessary to secure enactment of an appropriate financial plan. Copies of the prepared testimony are also being provided to Maryland's Congressional Delegation.

Sincerely,

HARRY HUGHES, *Governor.*

STATEMENT OF HON. HARRY HUGHES, GOVERNOR OF MARYLAND

Mr. Chairman, you have requested my testimony before the Subcommittee on Metropolitan Affairs. Specifically, you have asked that I comment on H.R. 3634, a bill to amend the National Capitol Transportation Act of 1969 to provide funding to ensure the completion of the Adopted Regional System in the National Capitol Region; to provide a means for serving certain bonds issued in connection with the construction of that System; and to provide additional Federal assistance in meeting the operating costs of that System.

The State of Maryland, a signatory of the Washington Metropolitan Area Transit Authority Compact, has strongly supported the efforts to establish a balanced and efficient public transportation system for the National Capitol Region. We have paid or programmed over $180 million toward the construction of the rail system and have generously supported local governments participation in the costs of bus capital and transit operations.

However, at the present time there is considerable uncertainty regarding the nature and extent of the capital requirements for the remainder of the WMATA system. Although a financial plan was drawn up by a committee of the WMATA board, and has obtained considerable support in the region, the Federal government

Digitized by Google

has neither agreed to the timing nor the amount of federal funds required by the plan; nor have the local governments comprising the Authority taken the necessary actions to confirm the plan and make it binding. It is therefore appropriate and desirable that your committee go forward with the proposed legislation.

Construction of the 101 mile Metrorail system in the National Capitol region has been predicated on the "special relationship" between the needs of the capital region and the Federal government. This "special relationship" has largely been recognized by the Congress and the Executive Branch. Perhaps the clearest enunciation of this relationship is set forth in the Statements of Findings and Policy which are incorporated in the National Capitol Transportation Acts of 1960 and 1965. The 1969 Act, which is to be amended by the bills before you today, was intended to further the objectives of its predecessor Acts. The Statements of Findings pointed out, in part, that an improved transportation system was essential "for the continued and effective performance of the function of the Government of the United States." Every Administration since that of President Eisenhower has supported the System. It is therefore unnecessary for me to add to the position already adopted by the legislative and executive branches of our federal government.

DEDICATED REVENUES

H.R. 3436 contains a provision that would preclude Federal fund availability unless local jurisdictions provide "dedicated revenues." This is a most difficult matter for state and local governments. The term "dedicated revenues" has been used several times by Secretary Adams, and former Administrator Page. It has never, to my knowledge, been clearly defined in the context of state and local governmental budgetary concepts and constitutional arrangements. It is difficult to quarrel with the general idea that a financial plan, adequate to provide the local funds for the construction and operation of a regional public transportation system should be established prior to final federal committments to that system. The Department of Transportation in fact, promulgated on December 7, 1978, a policy statement on major urban transportation investment in which the following language was used:

"The Department will require localities to develop realistic estimates of future operating expenses and to identify and reach a local consensus on the specific means of funding these expenses. In particular, the Department will require, as a condition of Federal capital assistance, the development of a stable and reliable source of local revenue to cover operating deficits."

The requirement set forth in this policy statement is sufficient to ensure the continuous operation of the system. In fact, the operating deficits are projected to diminish as a result of the completion of an efficient high capacity rail system. It has been clearly established that the transit system to be constructed in the Region is essential for the continued health of the Region and therefore, the concern, in some parts, that public funds would not be provided for this highly essential public service is unfounded.

FUNDING REQUIREMENTS

Considering the relationship between this Region and the Federal government, it seems unwarranted and unfair to establish legal or other funding requirements in excess of those already promulgated by the Department of Transportation.

It is difficult for me to comment on the ability of our neighbors in Virginia and the District of Columbia to provide an acceptable financial arrangement by the end of fiscal 1980. As for Maryland, the issue was considered at the 1979 session of the General Assembly. My Administration firmly believes that the issue of the funding of mass transit requirements must have careful and mature study. The distribution of the burden between state and local government must be worked out, as well as the most equitable and efficient source of funds. To accomplish this, I have suggested that the selection of a study group made up of representatives of the legislative and executive branches, as well as local government, should examine the problem during the interim and recommend to the General Assembly a comprehensive solution to the mass transit funding question.

Clearly there is a need for such a study. Equally as clear is that there is time for such a study.

The study group will commence its deliberations presently and will make recommendations for consideration at the 1980 session of the Maryland General Assembly. Assuming passage of legislation which will address the funding question, Maryland local governments will have sufficient time to implement such additional governmental actions as may be required. I therefore believe that Maryland can meet the time goal set forth in your communication.

Digitized by Google

H.R. 3634 would establish a $275,000,000 funding level for fiscal years 1982 through 1987. The Transit Authority has developed a plan based on Federal funding at the rate of $400,000,000 per year. Unless this level is met, it is likely that completion of the system will be substantially delayed and its costs will undoubtedly increase.

BOND INDEBTEDNESS

The arrangements in both bills for the payment of interest and principal on the bonds sold for the construction of the Adopted Regional System should be re-examined. Section 10 of the National Capitol Transportation Act of 1972 required the Secretary of Transportation to pay one-fourth of the net interest cost of such indebtedness. It has subsequently become clear that the balance of the interest costs cannot be met from transit revenues and that these should be shared by the Federal government and the participating jurisdictions. Since the governing ratio of federal to local participation in transit capital projects is 80–20, and since the bonds were a substitution for transit capital grants, it would be appropriate for that part of the interest which was contemplated to be borne by transit operations, to be shared between the Federal and local governments on the 80–20 basis. That basis should also be prescribed for contributions to the sinking fund to be established to provide for the timely payment of the principal amount of bonds.

I should like to emphasize the importance of establishing a secure and certain source of Federal capital funds for the completion of that portion of the System which cannot be funded from existing Interstate Transfer funds. Without such certainty, local governments cannot act to provide their share of the costs of the system. It is time for decision. The system has been studied over and over again. The Department of Transportation's Alternatives Analysis requirement has been met. All that remains, is timely action on all levels of government to meet the joint resolve, as established in the Compact and the National Capitol Transportation Acts, to ensure an adequate public transportation system for the Nation's Capitol.

[Subsequently the following comments were received for the record from Montgomery County:

OFFICE OF THE COUNTY EXECUTIVE,
Montgomery County, Md., May 4, 1979.

Hon. FORTNEY H. STARK,
Chairman, Subcommittee on Metropolitan Affairs,
U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN STARK: We appreciate the opportunity to provide your Subcommittee with the following comments regarding your bills H.R. 3634 and H.R. 1792 introduced by Congressman Harris.

(1) Both of these bills, as well as Senator Mathias' bill S. 828, should address the issue of assuring the adequate flow of interstate transfer funds at the $400 million level in fiscal years 1980 and 1981. This is essential if the financial plan developed by the local jurisdictions is to be initiated in a timely manner.

(2) Funding in the period following the utilization of interstate funds at the $400 million level should be continued at this level in order to be consistent with requirements of the financial plan.

(3) An approach as suggested in your bill would be acceptable, if provisions for concurrent Section 3 funding reaching the $100 million level in fiscal year 1982 for the Metro system were provided in U.S. DOT authorizations for UMTA.

(4) Provisions for additional Federal operating assistance are justified due to the services provided the Federal establishment.

(5) Specific provisions requiring a dedicated local source of revenues should not be included as State and local officials have the responsibility for working out this matter and are currently doing so.

These comments, although necessarily brief, do address the key concerns and interests of Montgomery County. We appreciate your efforts on behalf of Washington area transportation and we would be pleased to discuss the matter in further detail.

Sincerely yours,

CHARLES W. GILCHRIST,
County Executive.
NEAL POTTER,
President, Montgomery County Council.

Digitized by Google

STATEMENT OF HON. MICHAEL BARNES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. BARNES. Thank you, Mr. Chairman. I just want to do a couple of things very briefly. Before commenting though, I should probably—in the interest of openness—make it clear that I have a conflict of interest. I am a Metro rider. I frequently use it to get here in the morning and to get home in the evening, and so I do have parochial concern about the subject matter and so do many of the people that I represent. Some of them are our colleagues and staff here on Capitol Hill who use the subway everyday to get to and from our homes.

Before getting to the substance of the issue, I want to, Mr. Chairman, commend you personally for taking the interest that you have shown in the Metro financing legislation. I think Congress should not lose sight of the special nature of the Metro system as a service to all of our Nation's citizens, both the Federal facilities located in the Capital as well as the visitors from around the country and around the world, and I think it is important that this debate not be limited to those of us who represent the Washington metropolitan area since Metro does serve the entire country and your leadership, I think, is indicative of the fact that people from other parts of the country are aware of the unique nature of the system here in Washington.

NEED OF FEDERAL SUPPORT FOR METRO

I am here simply this morning to say that I am fully supportive of the efforts of this subcommittee and the full committee to identify an appropriate level of Federal support for Metro construction, for bond payment, and for an operating subsidy. As a cosponsor of H.R. 1792 with Mr. Harris, I believe that it is in the interest of both the local jurisdictions and the Federal Government to authorize $400 million a year for Metro construction. That approach has the endorsement of Metro and of the participating jurisdictions, and under that plan, the system would be completed much sooner than under the other funding approach being considered by this committee.

As you are very well aware, Mr. Chairman, the longer it takes to complete this system, the more it is going to cost us because of inflation. The current inflation rates that we are experiencing in this country, well in excess of 10 percent, are extraordinarily, and they are going to exacerbate the funding problem for Metro if we delay the completion of the system. On the other hand, the faster the system is completed, the faster the Federal Government itself is going to receive a full return on its already substantial investment in the Metro system.

Finally, I would simply dwell for just a moment on the enormous significance of the matter before this committee this morning to the Washington metropolitan area. As a lifelong resident of the area, I have watched this Metro system grow and at the same time watched the hopes and the plans of this area become inextricably intertwined with the future of the Metro system. Our hopes for clean air, our hopes for energy conservation, our hopes for economic development and urban revitalization, for transit for those who

Digitized by Google

have no access to automobiles and for rational growth are all closely alined with our plans for the Metro system.

I urge the committee to adopt legislation and make the complete 101-mile system a reality in the shortest possible time, and I thank the committee for giving me the opportunity to appear with you this morning.

Mr. STARK. Thank you, Mr. Barnes. I appreciate your comments.

Mr. MCKINNEY. I would add one point while I have the three of you there, I get sort of a sense of impending horror because I have been wrapped up in this thing for 8 years. I just left a committee hearing where I listened to and discussed with members of the Brookings Institution, Midwest Institute, and so on and so forth, urban infrastructure and the administration's "urban bank", that great $13 billion program which is now a $1.3 billion kitten, somewhere buried in the Department of Commerce, and no one can find it. That is what Mr. Stark's state has done to us.

I am a believer in the totality of the whole, and it makes little difference whether it is New England. If New England is sick now, the whole country is going to have the same illness 20 years from now. If we can't solve the problems of transportation in Washington, we are never going to solve them in any city in this Nation since this is the Nation's Capital. I have sat here and watched this legislative body cost the Metro system, I figure, about $1.8 billion in delay, obstreperousness and stupidity. I guess I am saying that with all three of you here, because there is going to be a hell of a fight, my dear colleagues. We need all the help we can get, and I do not care if you nice people have got to vote for western dams or sugar subsidies or whatever, but go out there and get those votes.

Everyone said to Stu McKinney, "Now, why did you vote for that lousy Senate office building?" I traded that vote on that Senate office building for more D.C. voter representation than one would dare think about, and it was worth every bit of it, and that is all I wanted to say while I had three captive localities.

Mr. STARK. I would like to ask particularly Mr. Barnes and Congressman Spellman if they would care to comment on any problems or the possibility of your area provided a dedicated tax source as we are hoping to do in this bill. We, as I said, had word from your Governor that he thinks it would be possible, but I just wondered if you would concur of if you would want to voice some objections or comments to that particular point at this time.

DEDICATED TAX SOURCE

Mr. BARNES. Thank you, Mr. Chairman. Governor Hughes, in his statement, as you mentioned, refers to this issue and indicates that although he has some problem with the concept of the term dedicated, as it relates to State and local financing, he is not the least bit concerned about identifying the source of future revenues, and he points out in his testimony that Maryland has shown no reluctance in the past to fulfill its obligation and to provide the full funding necessary to get us to where we are today, and he is confident that the State of Maryland is going to continue to be in that posture, and he has committed in his testimony his adminis-

Digitized by Google

tration to that goal, so I think we are comfortable that for the next 4 years the State of Maryland is going to be extremely supportive.

The only question that the Governor raised, and I think I can speak for our county government in Montgomery County, would be how specific the dedication has to be. I think both the State and local governments would want to retain some flexibility as they look at their own financial postures and make a determination as to which revenue sources are going to be allocated to this purpose. For that reason, my instinctive judgment would be that it might be better, rather than require in legislation a dedicated source, to use that term the Governor has some problem with, it might be better to leave some flexibility and maybe make it clear that what we are talking about is an assurance from the State and local governments concerned that they are prepared to do their part.

I am comfortable that the State of Maryland and Montgomery, and Ms. Spellman can talk about the jurisdiction she represents, but I feel very comfortable that our constituencies and our government officials are absolutely prepared to do what is necessary to support this program.

Mr. STARK. Thank you. As you know, the requirement of the dedicated source did not originate with this subcommittee or with the author of either of the bills, but it comes from such a place that we thought it best be dealt with in this legislation as one more step, as Mr. McKinney pointed out, in getting any money at all. Gladys, did you want to comment on that?

STATEMENT OF HON. GLADYS SPELLMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Ms. SPELLMAN. As one who was part of the very first board which was dreaming up the whole idea of Metro at the time, and then as a member of the Metro Board who served with Herb Harris, Mr. Fisher and with Walter Fauntroy, with my colleague right here beside me, I can tell you that Maryland has met its obligations from the very first with no difficulty either. We involved the Department of Transportation of Maryland very early, before it was even called that, and there was not the usual battle between the rapid transit forces and the road forces. All that was combined, and there was a recognition right from the very first that this was going to cost money, and always Maryland was ready to put up those funds, so I would not worry a bit about it.

Mr. STARK. I will not, particularly if provisions in our bill are passed that require it.

Ms. SPELLMAN. I might say, you know, we had a referendum before decisions were made as to whether we could go ahead with Metro, and people who had no possibility whatsoever of getting Metro out into their areas for the next 20 years voted in favor of Metro. We had overwhelming support for it, so the people have spoken, and the governments have spoken, and they have put their money where the talk was.

Mr. STARK. How does your area now finance its share of Metro?

Ms. SPELLMAN. What was that?

Mr. STARK. How does your area now finance its share of Metro?

Ms. SPELLMAN. Through the construction or operating funds.

Mr. STARK. No——

Digitized by Google

Ms. SPELLMAN. Oh, I see.

Mr. STARK. Your district, how are you now financing? How are your constitutents paying their share? Is it out of a sales tax, out of general revenues?

Ms. SPELLMAN. General revenues, I think.

Mr. STARK. And not out of sales tax. Are any of the local districts paying out of sales tax? [Mr. Lutz shaking his head no.]

Thank you. This would probably be an appropriate time to ask you to proceed with your statement, Gladys, if you would like.

Mr. MCKINNEY. Could I follow through on this just a moment?

Mr. STARK. Surely.

Mr. MCKINNEY. I, as you know, have committed myself publicly by putting in bills at various different times which would call for a continuing Federal support based on the fact of the Federal Government's use of the system that we are talking about. Employers, for instance, in my district now are supporting their own transportation systems and buslines in order to get people to and from their headquarters. They realize it has almost become a part of their operating cost, a fringe benefit, and a necessity, in fact, to keep employees. I do not know where the chairman was going, but I think I know. I am a little concerned in the long run, because actually in this bill, we have limited this Federal operating subsidy to 7 years, which seems to me that the trend of the world going where it is going, or, at least, this country with its mind-boggling energy problems, it should continue on as almost an employer's contribution to the system, bringing all of these Virginians and Marylanders in here that take all the money out of D.C. I am thinking in terms of having the Federal Government come forth with a long-range funding program on that basis, an employer's contribution. Then do you think your State would be willing to match with some sort of a continual revenue source on that same base?

Ms. SPELLMAN. I would hesitate to speak for——

Mr. MCKINNEY. In other words, if we say, "If we do this, will you do that?" That is the old carrot and the stick.

Ms. SPELLMAN. Right. I would hesitate to speak for the State as to what it would do.

Mr. MCKINNEY. Knowing your State, I do not blame you.

Ms. SPELLMAN. Or even my county at the moment, and I would have without any hesitation last year, but I am sure that they would be willing to work out a plan, one that was mutually acceptable to both the Congress and the State.

Mr. MCKINNEY. I do not want you to think this is aimed simply at Virginia and Maryland, because it would also be aimed at the District.

Ms. SPELLMAN. That is right.

Mr. MCKINNEY. In other words, you would be turning around and saying, "Okay, we will go on as an employer as a lifetime commitment that we are getting something valuable out of this system if the other three jurisdictions will come up with the same type of guarantee." You know, obviously, everyone thinks of a sales tax.

Digitized by Google

Ms. SPELLMAN. I just have a note put in front of me which says Maryland's fiscal year 1980 budget had operating funds of $16.25 million in it.

Mr. MCKINNEY. Maryland is being very responsible. I am not arguing that point. I am looking at the long picture.

Ms. SPELLMAN. Right; a task force has been set up to study this picture, this long picture, and report before the next session.

Mr. MCKINNEY. We urbanists are a little bit like the whooping crane. We are semiextinct in this Congress, and we are sort of put in a cage so the World can remember what we were like in the old days, but our chances of getting much done 5 years from now are going to be impossible. We might as well try for the whole thing right now which is going to be difficult enough. I never thought I would see freshman Democrats who were more conservative than the Republicans were when I got here, but that is what has happened.

Ms. SPELLMAN. Yes, the freshmen come today and look around and say, "Well, what is wrong? We heard this was a bad place. What is wrong?" We have got to start making it worse again so we can get support for bettering it.

Mr. STARK. Please, Congresswoman Spellman, continue anyway you would like.

Ms. SPELLMAN. I, too, want to thank the committee for its concern about this, and it is very heartening to see that there are a number of bills that are being thrown in. That means many people are thinking about the problems and trying to find the right answers. I could not help thinking, Mr. McKinney, as you were talking, that that fellow who tried to attack you sure picked the wrong person. You are a fighter. I was horrified when I read about it in view of everything you have been through recently, but you look none the worse for wear. I wonder what he looks like.

Mr. MCKINNEY. The bionic age is wonderful the way they put you back together.

Ms. SPELLMAN. As I indicated, I have been involved in this Metro business for a long, long time, and I could not agree with you more that if Congress had just moved ahead when we were ready to build the system, we would have a system built by now, and it would have cost so much less, so I, for one, feel that it is awfully important for us to provide the funding early on, let the system be able to use those funds as it needs them and not be penalized and not have to go back before the Congress, if and when it is not able to advance the construction as quickly as it might like to, and so for that reason I would choose to support Mr. Harris' bill, H.R. 1792 which, I think, will provide the least costly completion of the rail system.

We know that from experience the faster we move it, the less it is going to cost. I think that at a time when we are talking about keeping the lid on spending, we ought not take short-term expedient approaches, that we ought to look down the road and see where it is that we are heading and make the decision to get us there with the least amount of money. So, I think actually my concerns go beyond saving the tax dollars. I would ask my colleagues to come with me some morning and observe the Cheverly, the Landover, the New Carrollton stations on any weekday morning. We

Digitized by Google

have massive traffic congestion and overflowing parking lots, overflowing out into the communities, and we are limited, not by the number of people who are willing to ride the system, but the number of parking places that people can possibly have, and I am firmly convinced that the expeditious completion of the lines on out to Greenbelt and to Anacostia will help relieve those commuting pressures that we now see on the orange line and lead to a far better utilization of the entire system.

I know that other temporary terminus points are suffering from the same problems and that the communities will benefit from the speedy completion of the entire system. Mr. McKinney spoke of the employer helping to pay for the transportation of employees. I can tell you years ago when I headed our county that we set up little automobile fleets and station wagon fleets and so forth to get the people to work. The very people who needed to be working were unable to get to jobs. We just do not have a proper transit system, and I cannot help thinking, as the President is now talking about charging for parking spaces, I would go along with that idea if there were alternate ways for people to get to work. There is no way for them to get to work in many, many cases, and probably in most, other than using automobiles.

So I would agree with Mr. Barnes. If we are going to attack some of the real problems that are facing us in terms of air pollution and certainly in terms of energy use, and if we are going to move people efficiently, then we have got to be at this as quickly as possible, and I would recommend that the Harris bill is the one that we give our support to.

Mr. STARK. Thank you. Gladys, I again reiterate my own commitment to getting the best possible program we can for Metro as soon as possible. I do not think I have to tell the distinguished panel assembled that we have an administration ingredient, we have an appropriations ingredient and a budget ingredient, I just do not really think in view of whatever it is that is causing budget cutting mood in the House that we realistically are going to get rid of a couple of Iranian destroyers, for instance, in exchange for Metro. I would support that and lead the fight on the floor, but it is not in the cards.

Ms. SPELLMAN. As a matter of fact, I think that would be a good amendment.

Mr. STARK. All of your staff and all of you have worked very hard to negotiate with the Department of Transportation, with the appropriate appropriations committees, both here and in the Senate. I think that we will get as much as we can as quickly, but I do not think we have an issue here that will survive a strong floor fight or a protracted conference. I think, or I know, that several members assembled here today have been working to work out with the Department and with the appropriations committees the most we can, and there is some negotiations going on at the present. I thank you for your interest, and rest assured that we will call on you for your help when the time comes, either to complete our negotiations or carry it to the floor.

At this time, I would like to call on my colleague, Joe Fisher, the distinguished Congressman from Virginia. I would ask Congress-

Digitized by Google

man Fisher if he would like to proceed in any manner he sees fit. Welcome.

STATEMENT OF HON. JOSEPH L. FISHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. FISHER. Thank you, Mr. Chairman. It is a pleasure to see you in this role in this committee. I have a prepared statement which I will submit for your record.

Mr. STARK. Without objection, it will be included.

[The above-referred-to statement follows:

PREPARED STATEMENT OF JOSEPH L. FISHER, A REPRESENTATIVE FROM VIRGINIA

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to appear before my colleagues to share with you my views on financing the Metro rail system. In 1969, when construction was begun on the subway, many people in the Washington area thought the subway would never be built. Ten years later, with 34 stations and over 30 miles of track open, serving 215,000 passengers a day, many find it unthinkable that the subway should not be completed. The Washington area is proud of its accomplishment in getting Metro this far. Funds for 60 miles of the system are assured. New financing arrangements have to be approved to meet the construction costs of the remaining 40 miles. Beyond this, policies have to be established for covering the costs of operating and maintaining the completed system.

Metro needs about $1.7 billion in Federal contributions for construction plus matching contributions from governments in the region. Metro also needs a plan for repaying the principal and interest on $1 billion in revenue bonds which were sold to finance the early rail construction. I would like to discuss the Metro financing bills that have been introduced.

H.R. 1792 AND H.R. 3634

The two Metro financing bills that are being considered by this subcommittee, H.R. 1792, of which I am a co-sponsor, and H.R. 3634, authorize about the same amounts of Federal funds for construction and take the same approach to repaying the revenue bonds. However, H.R. 1792 does not specify how much of the total authorized amount is to be spent each year, while H.R. 3634 limits the annual authorization to $275 million. I think that H.R. 1792 offers more flexibility than the annual authorization in H.R. 3634. Without a rigid limitation on annual spending, the Appropriations Committee will be able to make a decision each year on the rate of construction spending based on economic conditions, Metro's performance, and other factors. If this committee should decide that it is necessary to set annual authorization levels, I hope that the levels would be higher than $275 million a year, which would lead to a decreasing level of construction activity each year as costs go up and would tie the hands of Congress if it wanted to increase the spending rate for Metro construction. Setting the authorization level above $275 million a year does not require spending at that level, but does permit flexibility. Either way, the total amount of spending would be about the same.

FUTURE OPERATING COSTS

Consideration of the financing of Metro is incomplete without dealing with future operating costs. Both bills authorize a small Federal contribution for Metro rail operating costs. In addition, H.R. 3634 has a provision to codify the requirement, which the Federal government has been stating for some time, that the Federal contributions to Metro are contingent on the local governments having an earmarked source of revenue to meet the local share of operating costs. I can understand the need for assurance that funds will be available to run the system after the Federal government has financed most of the construction. I hope that if the requirement for earmarked funds is put into the law it will be sufficiently flexible to allow the local governments to work out a variety of different arrangements. In Virginia, different proposals have been put forward for earmarked revenue for Metro, but none has won the necessary approval from all the governmental bodies involved and none has gained the necessary authorization from the state. Recently, I wrote to the governor of our state urging him to develop a plan that would permit the Northern Virginia jurisdictions to meet this Federal mandate. A copy of my letter is appended to my statement and I ask that it be included in the record.

46-263 O - 79 - 4

Digitized by Google

To facilitate planning for meeting the local share of operating costs, I have recommended that the Metro board adopt a fare policy which sets a percentage of the operating costs to be covered by fares. Fares should then be revised periodically to maintain that level, which might fall somewhere in the one-half to three-quarters range. Any local jurisdiction that wishes to offer lower fares to elderly citizens, students, or other categories of riders should be permitted to do so, provided that the locality makes up the difference with a subsidy.

I am encouraged by the interest that this subcommittee has shown in completing the Metro system for the Washington metropolitan area. I hope that it will approve a Metro financing bill that will provide the Federal funds to finish the construction with the necessary flexibility to meet a variety of conditions over the next few years. I also hope a reasonable share of the future operating costs will be defrayed by the Federal government contingent on assured and adequate state and local contributions.

APPENDIX

APRIL 19, 1979.

GOV. JOHN N. DALTON,
Office of the Governor,
Richmond, Va.

DEAR JOHN: The Washington metropolitan area Metro rail system is entering a crucial phase in its development. Although funds for construction of 60 percent of the system are assured, new financing arrangements have to be approved to meet the remaining construction costs. Legislation has been introduced in Congress to authorize Federal funds to help complete the construction. But before the Federal government will support additional financial assistance for Metro, it will expect a commitment from the state and local governments that they will be able to provide their share of the costs of operating Metro. The Secretary of the Federal Department of Transportation has made it clear that this is his position. Many Members of Congress share this view.

In the spirit of Federal-state cooperation, I urge you to come forward with a plan that will enable the state and local governments in Northern Virginia to meet the requirement for a dedicated source of revenue for Metro operating costs. As you prepare your program for the next session of the General Assembly, I think that this issue should be given a high priority. As long as local governments must depend on ad hoc revenue payments from the state to assist them with their obligations to Metro, the Federal government cannot be assured that the local share of costs can be met. Nor can the local governments plan and budget efficiently if they do not have a revenue source they can count on for Metro costs. The lack of assured revenues to help pay for Metro is a real stumbling block to Federal assistance. Of course, the local governments in the Metro area will have to come up with their share of the remaining construction costs by issuing additional bonds. This has to be part of the total package.

I hope that you will provide the leadership that is needed to solve this difficult financing issue. The reward for finding a way to establish an assured revenue source would be Federal approval of the $1.7 billion needed to complete the Metro construction financing and an influential role for Virginia.

I look forward to hearing from you and would be most happy to work with you on this important issue.

Sincerely,

JOSEPH L. FISHER,
Member of Congress.

COSTS

Mr. FISHER. And I will briefly make just two points which others touched upon also. First, along with the others, I am a cosponsor H.R. 1792 introduced principally by Mr. Harris, and I think it is better than the H.R. 3634 in this respect, although both I gather contain the same overall total amount to assist in the construction of Metro, but the Harris version, H.R. 1792 does not specify how much of the total authorized amount is to be spent each year, and

Digitized by Google

this flexibility, I think is important to all of us. It has the benefit——

Mr. STARK. If the gentleman would yield at that point, it has been suggested that may not be the easiest method for the local communities. We hear here in the District time and time again that one of the problems with the budgeting in the District of Columbia is that they can never anticipate what the Federal payment is going to be. I would ask you how in your own State, in your own locality, whether it might not be easier for them, and I am not picking the $275 million amount, but take some specific amount each year, whether it is a curve or whether it is a level amount and say, "This is going to be what you are required to raise over the next 4 or 5 years," rather than say, "Well, you are going to have this much total, but we cannot tell you whether you are going to have half of it next year and then 10 percent the year after." I suspect that both sides to that issue have a point.

Mr. FISHER. That is an interesting point. My real argument, I guess, is for flexibility rather than any change in the proposal, but it is possible that some kind of a curve basis more in the earlier years phasing out, that would certainly be better than a straight line. It also would require that construction costs come along such that you would want to follow that curve, but it certainly would be better, and there may be some way of working this out, although, I guess my preference would be to the flexibility.

Mr. HARRIS. Would my colleague yield on that point?

Mr. STARK. I would be glad to.

Mr. HARRIS. I think the Chair makes an extremely valid point. If our experience had been that what was authorized automatically got appropriated, if, in fact, the localities knew that $275 million, or the $300, or the $400 was, in fact, going to be appropriated, that would lend some assurance to them. Unfortunately, our experience is that the authorization is always just the first step, and to the extent that there are specifics on a yearly basis in the authorization, it is a limiting element, not an assurance element. So the fact that the specific amount is authorized for that year does not give the locality any additional assurance that the amount authorized will be appropriated. It ends up not making much difference.

Mr. STARK. If only we were buying destroyers.

DEDICATED FUNDS

Mr. FISHER. The second point I want to make is that I hope that if the requirement for earmarked funds is put into the law, it will be sufficiently flexible to allow the States and local governments to work out a variety of different financing arrangements on their side. In Virginia, different proposals have been put forward for earmarked revenue for Metro, but none has won the necessary approval. Even a couple of months ago, the State legislature declined to enable the localities to add a bit on to the sales tax in those localities in northern Virginia.

Recently I wrote to the Governor, and I have pressed him on this point many times—I wrote again urging him looking ahead to the next session of the legislature in early 1980 to develop a plan that would permit northern Virginia jurisdictions to meet Federal man-

Digitized by Google

date. I think there is some justification for the Federal Government saying, "Assure us that you will meet your share, and then we will come forward generously," I hope, "meeting our share as an employer," or however you wish to put it, but I do hope that if there is to be this kind of a prod or pressure put on the States that there is flexibility in it so that each State can respond with the kind of tax that it thinks it can do, and that is an important point, it seems to me, but I am not saying that some pressure on the States is not desirable at this point. I think it is even conceivable that a little pressure will help in my State. Now there could be differences of opinion among us here on this point.

OPERATING COSTS

I would like to make just a couple of other comments, and I am finished. To facilitate planning for meeting the local share of operating costs, and it is going to be the operating costs that are the big problem of the future—we are going to get this bill one way or another—but I have recommended that the Metro Board adopt a fare policy—f-a-r-e, also f-a-i-r, I guess—that the Metro Board adopt a policy with respect to fares that sets a percentage of the operating costs to be covered by fares, and that it go up promptly as operating costs go up or down promptly as they go down. Any jurisdiction that wishes to offer lower fares for elderly citizens, students or other categories of riders certainly should be permitted to do so provided that the locality makes up the difference.

In this, it may have the benefit of Federal programs for the elderly or for students or some other category, so those are the three points I want to try to make. First is flexibility with respect to the construction money from the Federal Government. The next is flexibility with regard to the way in which States and localities meet their share of the operating costs, and finally, a policy on the Metro Board of which I served and was once Chairman, that they adjust the fares promptly with changes in costs, and I summarize in these three ways, because, I think, to make this thing go all the way, construction and operation, there has to be agreement involving the Federal Government, the States and localities and Metro, and nobody should be let off the hook. It has to be a package, and everybody is going to have to dig and work and sacrifice and so on, but until we come out in that frame of mind in that spirit, we are just going to bicker and fight among ourselves, and each one is going to try to pass off some, perhaps, of its share to somebody else, so I would like to end on that note, Mr. Chairman.

Mr. STARK. Thank you, Mr. Fisher. I appreciate your comments, and I think that it is the spirit of this committee and the authors of the bills that are before us and the minority to build as much flexibility as we can into it to accommodate the various jurisdictions that the bill covers.

Mr. Harris?

STATEMENT OF REPRESENTATIVE HARRIS

Mr. HARRIS. Mr. Chairman, I was wondering if I might just file my statement at this time.

Mr. STARK. We will be happy for you to do so, Mr. Harris.

Digitized by Google

[The prepared statement of Representative Harris follows:]

STATEMENT OF REPRESENTATIVE HARRIS

H.R. 1792

Mr. Chairman, I appreciate the opportunity to appear before the Subcommittee on Metropolitan Affairs today to discuss the need for passage of H.R. 1792. This bill would authorize $1.7 billion as the federal share for the completion of the 101-mile Metrorail system to serve the Nation's Capital. The contribution ratio would be 80 percent federal, 20 percent local. A modern mass transit system is essential, especially during this period when our national energy policy stresses a reduced reliance on the automobile. Unless this authorizing legislation is enacted by this Congress the Metrorail system, designed to serve the National Capital Region, falls 41 miles short of completion by fiscal year 1982.

The second area that needs attention concerns the payment of interest and principal on approximately $1 billion in construction bonds due to expire in 2010. The bonds, predating UMTA and federal highway transfer funds, were sold to acquire construction funds for Metrorail. Because these bonds are guaranteed by the federal government, a plan developed by WMATA and the U.S. Department of Transportation requires legislative endorsement by the Congress. That plan would have the federal government share in the cost of those bonds at the same ratio it participated in other types of construction projects during the period the bonds were sold. That ratio is 66⅔ federal and 33⅓ local.

The third area is the creation of an ongoing Federal participation in operating costs to reflect the special Federal benefits accruing from the Metrorail system.

The legislation I have sponsored, H.R. 1792, is co-sponsored by the Washington Metropolitan Area Caucus, and is endorsed by the WMATA Board and its participating local governments. H.R. 1792 is the product of an exhaustive study and debate including citizen and government involvement at all levels.

The directive by federal officials for a Metrorail alternatives analysis and for a long-range financial plan produced, after some 20 months, a reaffirmation of the 101-mile system and a financial plan for consideration by federal, state, and local governments. The recommended plan, "Plan I" of the WMATA Financial Plan, for completing construction of Metrorail, is authorized by H.R. 1792. It assumes total system costs of $6.8 billion. It assumes further that construction would proceed under the currently approved schedule with the full system in operation during 1985. The bulk of the outlays would be in fiscal years 1980 and 1981 when more than $2 billion of the total would be obligated.

H.R. 3634

A second approach, H.R. 3634, would place a ceiling of approximately $500 million on construction activity during any given year. This plan would reduce the 1980–81 outlays by delaying some construction now scheduled for those years. The stretch-out would extend the full operation date until 1987 and would add over $200 million to the total cost. The required federal and state/local outlays would be 2.57 billion and $642 million, respectively, under this revised construction schedule.

Therefore, I urge the passage of H.R. 1792. This will enable the Nation's Capital to have a completed and operational Metrorail system by 1985 at a saving of over $200 million.

To understand the context and principles underlying the proposals in H.R. 1792, it is necessary to review briefly the unique history of the Metro project.

Metro was created through a unique partnership that I believe is unparalleled as an example of political cooperation and spans every level of government, city/county/, state and Federal.

Metro is a transportation system which was created by a multijurisdictional interstate compact including two states, and the District of Columbia. Four counties, three cities, the Virginia and Maryland legislatures, both Houses of Congress, and the federal executive branches of six Presidents have participated.

Metro is the product of 50 years of discussion and nearly two decades of specific congressional and local leadership to create a transportation system befitting the Nation's Capital.

Metro is not just another mass transit system any more than Washington is just another U.S. city. As the major employer and the major landlord, the Federal Government is the major reason why a mass transit system is needed for the region.

Digitized by Google

KEY STAGES IN THE DEVELOPMENT OF THE METRORAIL SYSTEM

Study of the region's transportation needs began seriously in 1952 when Congress passed the National Capital Planning Act and funded a Mass Transportation Survey. This study recommended rapid rail transit as a future necessity.

Planning of rapid rail began in 1960, after Congress passed the National Capital Transportation Act.

Design of the so-called "bobtail system", which still forms much of the downtown Metro, began after Congress passed the National Capital Transportation Act of 1965, authorizing construction funds for the first time on a two-for-one, federal/non-federal matching basis.

The Washington Metropolitan Area Transportation Act of 1966 created the Washington Metropolitan Area Transit Authority as the responsible regional body to organize and mobilize the region to carry out the rapid rail mission begun by Congress.

Financing the Metro system on a regional basis began in 1968 when five separate, simultaneous local referenda were approved with more than 70 percent support, followed shortly by Congressional approval of the physical plan and federal participation in the program of financing.

Building Metro began in 1969 after Congress broke a costly funding impass and approved the District of Columbia Appropriations Act of 1969 which permitted groundbreaking finally to take place.

Operation of the Metrobus system began in 1973 after Congress passed the National Capital Transit Act, which gave WMATA the added responsibility of keeping a seriously deteriorated bus fleet in service while trying to rehabilitate the operation with federal/non-federal matching funds. Operation of Metrorail and initial coordination of bus and rail service began in 1976.

Mr. HARRIS. Mr. Chairman, I think the subcommittee is well aware—and certainly the chairman has made himself well aware of the problems that we have, and I, having filed this statement would like just to make one point that really builds almost totally on the points that my colleague from Connecticut has made, I think, very relevantly. I think we have to place in context what our problem is here today.

TRANSIT BACKGROUND

May I mention the fact that it was 1952 that Congress passed a law to cause a transit study to be made in Washington, D.C.; that study pointed to the need for a rapid rail transit system. The Congress in 1960 got around to authorizing a National Capital Transit Agency so that we could, in fact, proceed with some sort of definitive planning. It was then not until 1969 that we were able to break ground, but may I emphasize the work that was done between 1961 and 1969 is what I have often referred to as a political miracle. We witnessed each jurisdiction actually coming together and working out a regional system that all jurisdictions agreed upon. I happen to think it was almost historical in its significance to get five local jurisdictions in Virginia, two basic local jurisdictions in Maryland, the District of Columbia, the two State governments and the Federal Government to agree on something, but they did it. It took 7 or 8 years to do it, but they finally did it. It was then after we broke ground in 1969 that Metro found itself caught in the tremendous transition that this country was going through in thinking about transportation. A country that had been almost totally oriented toward highways was beginning—just sort of beginning—to think that maybe something other than highways could service this transportation need. All of a sudden, we were questioning whether we should really have a Three Sisters Bridge, or should we really have an innerloop, or should we really have an

Digitized by Google

I-95 that cut right through the city. It was felt very strongly here in Congress that we should not make the adjustment toward mass transit as fully as some of us thought we should. That battle became intense, and for almost 2 years after ground breaking, we were held from construction while this debate was pursued. This was despite the miracle of political accommodation that was achieved in the 7-year period. We were held almost motionless because of this other debate, this national debate that was going on. Having won that debate, having started in 1972–73 to really build, it was not long before we had new people saying:

I really do not understand the system. We really should have a complete reanalysis of the system, a complete restudy of the system. Is 100 miles really necessary, would 40 miles not be better, should we not use light rail, should we not use buses, should we do something else?

It was very difficult, I think, for some of us to sit down and explain what we really had been through all that in great detail. It took great effort not to say:

No, we have resolved to have a bus and rapid rail system combined. These lines on the map were chiseled very carefully after much debate.

But at any rate, in order to accommodate those whose questions were quite natural, a complete reanalysis was made last year. Again, construction was held up. We went clear through the questions of should it be 100 miles, should it be 60, should it be 40, or should it be something else? The conclusion was yes; they were right, the 100-mile system is right.

Now why we are really here before you today is to say yes; it has been studied, restudied, analyzed, reanalyzed. Yes; it fits in the national policy. Yes; it fills an absolute need of the Nation's Capital. Give us the assurance that we are going to go ahead and complete it. I think the gentleman from Connecticut makes a very valid point in that the effort has to be made to make sure that every Member of this Congress understands the essential nature of this project. It has nothing so much to do with some local transportation system as it has to do with solving the basic transportation and environmental problems of this Nation's Capital. We do have to make that effort. We have to make sure that every Member of this Congress understands the vital national interest that we have, and that is going to take a major effort.

We have checked—or, at least, I have, Mr. Chairman—and over half of the Members of this Congress have never voted on a Metro bill.

Mr. STARK. If the half votes on it, you are in trouble.

Mr. HARRIS. And the half that is left was not all that solid, Mr. Chairman. We have a tremendous job ahead of us to carry this message forward. We appreciate very much having the opportunity to present with the fervor that we all have the absolute need to make this decision carefully, and to make sure we maintain this gentle, delicate, regional cooperative base that we have and at the same time get recognition of the national interest in it. Thank you.

Mr. STARK. I am sure that the gentleman from Virginia's eloquence and knowledge in this area will contribute to at least 218 other Members being aware of the need for the assistance.

Mr. HARRIS. I am only at 215 now, Mr. Chairman.

Digitized by Google

Mr. STARK. Well, I am sure that between now and lunchtime, the additional three will be rounded up, and we can proceed. I want to thank all of you for taking the time to be here this morning. Mr. McKinney, did you have something?

SUBURBS DILEMMA

Mr. MCKINNEY. I would just like to thank you, too, and I think, Herb, on your point it is interesting to note that these very intellectual gentlemen this morning at this other hearing from Harvard, Brookings Institution, and so on, pointed out a thing I have harped on for a long time, which you recognized. That is, the very validity of the suburbs in the future is going to depend on transportation, that with the other costs that suburbanites are going to have to face—the hearing of an individual, isolated home, the cost of housing, the maintenance, the necessity of maintaining more private transportation facilities—a public transportation system really is headed toward becoming the keystone for the validity of the way of life in the suburbs. It is not just the cities, and your recognition of that, I think, is a recognition that Congress, as a whole, is going to have to come to. It is not just the core we are talking about. I used to spend hours on this committee talking about if the core was in trouble, so was the outside of the melon; but now it is with energy and the energy problems have changed things a little bit. The validity of the Maryland suburb or northern Virginia suburb of Washington is going to depend in 10 or 15 years on whether or not those areas are affordable and reachable, and I think that you can see that already in the resurgence of the return into the livable cities of this country, and Washington is an eminently livable city, as is Philadelphia and some others. New York, you can argue a little bit about, so I am delighted and——

Mr. HARRIS. Will my colleague yield on that?

Mr. MCKINNEY. Yes.

REGIONAL SUPPORT FOR METRO

Mr. HARRIS. Because I agree with him so enthusiastically that there are two points that I would like to make here. We have gone through construction that was in the urban center, but we had an entire region contributing. The chairman was noting, as we described this system, that very little construction has occurred in Virginia, and very little construction has occurred in Maryland. The original commitment of these jurisdictions as far as construction funds are concerned has been fulfilled. This is a rather remarkable accomplishment to have a recognition that these funds should go into the urban center.

The second point that makes us so enthusiastic is that so much of the hard part of this system has been completed—the tunneling, the getting under the rivers, getting over the rivers, and what have you. As Ted described, a great deal of the remaining construction is ongrade, sometimes on railroad right-of-way that is available. It is the most efficient type and cheapest type of construction. We have gotten most of the hard part done, and we can really start cashing in on the system now.

Mr. STARK. Thank you.

Digitized by Google

Ms. SPELLMAN. If the chairman would yield for just a moment, I did want to comment on what Mr. McKinney had to say there.

Mr. STARK. Please.

BONDS FOR METRO

Ms. SPELLMAN. Back in 1967, as I said earlier, I was heading the county. We then called it county executive, chairman of the board. I went to Wall Street to ask the people there who bought our bonds whether we dared enter into this Metro project, whether this was going to cost us in our rating if we extended ourselves with a debt that was going to be so enormous. Without any exception, each one of the houses on Wall Street said the Metropolitan Washington area has no place else to go, it must have a Metro system, it must have a system that will move people, and if the District is to survive, and if the suburbs are to reach their potential, then a Metro system needs to be built, and they agreed that the 100-mile system was the only way to go, so these things were thought through, and you're absolutely right. It is needed, it was needed then, it is needed today even more, and we should be moving on with it. Thank you, Mr. Chairman.

QUESTIONS PROPOSED TO METRO

Mr. STARK. Thank you, and thank the members of the panel. I would like to return for a moment, if I may, to Mr. Lutz, with some questions. First of all, Ted, I think you have received some copies of questions, and I would ask if you would mind responding to those questions in writing for the record in the interest of saving time, but I think it is important that I ask this morning for you to respond to my first question, and I will rephrase it this way. The question, whether $275 million a year is workable even though it is lower than the $400 million, the workability of a proposed curve schedule which I think you are familiar with and what happens if we build either at the lower rate, somewhere under $400 or on the curved scheduled. I think you might comment on that for us.

[The Questions referred to follow:]

QUESTIONS FOR THEODORE LUTZ, GENERAL MANAGER

1. Your prepared testimony indicates that you think the 80-20 federal-local share is appropriate for capital construction costs, but you express some concern about the rate of federal contribution outlined in H.R. 3634.

(a) Is the $275 million per year rate of federal contribution to capital construction cost delineated in Section 14 of H.R. 3634 workable even though it is lower than the $400 million rate requested by the Transit Authority for the remainder of construction?

(b) Would you care to comment on another schedule of federal contribution that has recently come to my attention. This schedule is a proposed curved rate of contribution for the $1.8 billion:

(1) For fiscal year 1982, the amount of $100,000,000. (To match, at $200 million in interstate transfer funds).
(2) For fiscal year 1983, the amount of $350,000,000.
(3) For fiscal year 1984, the amount of $375,000,000.
(4) For fiscal year 1985, the amount of $375,000,000.
(5) For fiscal year 1986, the amount of $325,000,000.
(6) For fiscal year 1987, the amount of $175,000,000.

(c) What are the consequences of building Metro at the rate outlined in these two proposals: (1) at the rate of $275 million per year; (2) on the curved rate schedule?

Digitized by Google

(d) Are estimates regarding Metro's financial needs for completion of the system still sound in view of inflation, energy cost increases, and the lower rate of federal contribution than that outlined in the WMATA Financial Plan?

2. As you know both H.R. 3634 and H.R. 1792 outline a schedule for a federal operating subsidy during the next 8 years of construction.

Is it reasonable for the federal Government to expect the local jurisdictions to contribute their 80 percent of the operating cost of the system after the operating subsidy outlined in these two bills stops in 1988 or 1987?

3. Is it reasonable to expect local participating governments to provide a dedicated source of revenue to meet that part of the operating cost of the transit system in excess of fare revenues and other sources?

(a) What indications have you received from the federal Government that such a financial commitment is necessary?

(b) Is it practical to expect local financial plans to be completed by September 30, 1980?

(c) Do you want to suggest legislative language on the dedicated source provision of H.R. 3634?

4. Do you have estimates of the impact of increased demand for Metro service that may be caused by President Carter's new parking policy for federal employees?

5. We have had unofficial word from the U.S. Department of Transportation that $1.17 billion is available from highway transfer funds for Metro for the fiscal years 1979, 1980, 1981, and 1982. We intend to pursue this question with the department representatives tomorrow, however, can you tell us whether or not you have received any official communication from the U.S. Department of Transportation as to the amount of these funds available through fiscal year 1982?

6. Concerning Section 15 (that relating to construction bonds) of both pieces of legislation, could you describe for the Committee the existing financial plan for payment of principal and interest on the original construction bonds and what effect this legislation will have?

Answers of Mr. Lutz

1. (a) Answered in subsequent testimony; (b) Answered in subsequent testimony; (c) Answered in subsequent testimony.

(d) Current Authority estimates indicate that the level of funding provided in H.R. 3951 will fund completion of the 101-mile system. The last system cost update was based on cost information available as of December 1978 and indicated a system cost of $6.8 billion, excluding interest costs during construction ($445 million), cost of the handicapped facilitites ($71 million), and cost of system add-ons ($20 million).

The Authority is now beginning its semiannual update based on cost and escalation data available as of June 30, 1979. Certain increases will occur because of schedule slippage due to the changes in funding assumptions—a reduction in the annual federal funding ceiling from $400 million to $275 million through fiscal year 1981, and delays in funding the fiscal year 1979 program. The impact of these changes plus updated cost estimates could result in revised system cost of $7.1–$7.2 billion.

2. Answer. Certainly, after fiscal 1988, under current plans, the local need for larger sums of capital for construction will be greatly diminished, due to the fact that most constuction should be completed by that time. This assumes, of course, full funding up to the authorized levels and further assumes no major delays in construction, whatever the cause. If these assumptions hold, additional sums will be available to the local governments for operating needs, easing the fiscal pressures currently being felt.

3. Answer. The local participating governments have never failed to make the necessary payments for Metro's operations or, for that matter, for Metro's capital construction program. Based upon that history, the local governments have shown themselves to be most reliable.

However, those same local governments recognize the importance of providing a source of revenue which is, in the words of the Assistant Secretary of Transportation, Mr. Downey, are both "stable and reliable". Those governments are working to obtain necessary legislative approval for such revenue sources.

(a) The Secretary of Transportation has publically stated that it is his policy to require the local governments to make such a financial commitment. This legislation would make that policy a matter of Federal law for Metro. If enacted, Metro would be the only transit system in the nation to have such a statutory requirement.

(b) This question is best answered by the appropriate local and state jurisdictions. We understand that the two states and the District of Columbia will be submitting testimony indicating their willingness to have their plans ready by September 30, 1980.

Digitized by Google

(c) Answered in subsequent testimony and during mark-up.

4. Answer. Metro's estimates on the potential ridership increase which may occur as a result of charging commercial rates for Federal employee parking are based upon a study done two years ago for the Metropolitan Washington Council of Governments. We expect approximately 10,000 new riders daily when full parking charges are in effect.

5. WMATA has received no official communication from DOT stating exactly how much money it will receive from interstate transfers through fiscal year 1982.

6. Answer. The revenue bonds issued by WMATA some years ago were, as you know, Federally guaranteed. Originally, the plan was to provide debt service and to retire the bonds with excess system revenues.

As history has shown with every transit system in the nation, the days of profit-making transit are over. Consequently a new plan for bond payments had to be devised. For several years now, the Department of Transportation and WMATA have been meeting the interest payments as they come due under a cost sharing ratio of 80 percent Federal/20 percent local. This arrangement has been on an "Ad Hoc" basis thurfar.

WMATA and the Department of Transportation both believe that a more permanent and secure arrangement is necessary. Consequently, a formula has been worked out under which DOT and WMATA will meet the bond service and retire the bonds on a two-thirds Federal/one-third local basis. The rational for such a formula is that at the time the bond proceeds were used for capital construction, the prevailing national formula for such projects was two-thirds Federal/one-third local.

The legislation before the Committee would place this bond agreement into Federal law. It would not provide new budget authority, as retirement of the bonds was authorized—at the 100 percent level when Congress initially authorized the bond sale and Federal guarantee. It would, however, lock the governments more firmly into place with regard to bond repayment, making the repayment far more secure. Further, it would go about as far as legislation could go to ensure that the Federal government would not be forced with repaying 100 percent of the bonds.

Mr. LUTZ. I will do that, Mr. Chairman, for the record. You asked two questions. Workability, yes, sure, it is workable, but it has its consequences also, and the "it" I refer to is a restraining at $275. The consequences, as I indicated, are extra costs in delay, and quite frankly, speaking individually, I think the concern that many people have is the impact on time. This region has waited 20 or 30 years in certain segments for the system, and it is the idea of being forced into another 2 or 3 years' delay that would automatically ensue if we were automatically restrained to the $275 per year, as much as 2 to 3 years, and that is tough when you are sitting out there in Maryland.

Mr. STARK. Let me just phrase this.

Mr. LUTZ. Go ahead.

Mr. STARK. Your testimony would be that a limit of $275 would extend construction by 2 to 3 years?

Mr. LUTZ. That is accurate, sir.

Mr. STARK. Even with the 150 contingency?

Mr. LUTZ. Yes; you are——

Mr. STARK. And you are saying this as opposed to $400?

Mr. LUTZ. That is correct, sir.

Mr. STARK. All right. Now what would be your time difference using the curve? What is your estimate there?

Mr. LUTZ. The curve——

Mr. STARK. And including the $150 contingency as best you might estimate that being used.

Mr. LUTZ. Being used at one point or another.

Mr. STARK. Yes.

Mr. LUTZ. Assuming full appropriation of the levels, it appears that you would be talking about a change, a delay of some 6

Digitized by Google

months to 1 year as compared to the straight 400 which, of course, brings it down to a much different ball game than 2 to 3 years. I think that that is the best information I can give the committee now based not on an overwhelming study of the timing.

I would also say that the need is great to look at ways to enhance the appropriate multiyear process too, and I want to commend the administration in this area. For the first time, they have submitted advance appropriations for interstate transfer projects. I am not happy with the numbers, but the concept, at least, we are starting to see. You will see if you study the history of this program, we have had year-in-advance construction funding since its inception. We were kind of a national leader in this concept. I think that you are quite correct also, which was brought out in the panel, in having to look at the impact on State and local governments as well, and the ability to match funds becomes very important.

With regard to your other questions, Mr. Chairman, we will go through them for the record.

FEDERAL FUNDS AVAILABLE

Mr. STARK. I had one other, Ted, if I may. There has been some question as to whether or not there may be a higher figure of close to $1.1 billion available for the transfer of funds through 1982 rather than the approximately $875 million. Have you had any indication, either official or unofficial, from the Department of Transportation that there may be some more?

Mr. LUTZ. We have not had an official indication; however, Mr. Chairman, I would tend to suspect that a number of over $1 billion may well be the case for the reason that, as you know or you may not know, the process by which this is done is that the unused highway segments, even after the withdrawal is made (under the Federal Aid Highway Act of 1973 and as amended by the act of 1976) escalate as if it were a highway, and so with the construction escalation in the highway construction industry which, as you know, has been more excessive than the construction escalation of transit; the highway escalation would in no way surprise me if it were $1.1 billion or even $1.2 at this point.

That needs to be looked at in the context of how we proceed. The only other point I would make though is you have got to kind of watch your tail chasing yourself a little bit as you keep delaying, and then it keeps escalating, and then you keep delaying, and this Highway Act is in that position, so at some point you have just got to move ahead and build it.

OPERATING COSTS

The other point is that while the highway funds escalate, the operating costs get stretched out and the whole system is not brought into flavor with the benefits to the region. That falls almost exclusively on the local property taxpayer right now, and that is a factor that weighs on the local government's mind as well, because they are paying a share of the property tax, and in some cases, the jurisdiction does not have 1 inch of rail in it. You take the area Mr. Harris represents, they are paying a share of the rail

Digitized by Google

subsidy each year in Fairfax County, and, as yet, they do not have any rail. That is not an easy political thing to do. It is a miracle they have been doing it, and they have always comes through when necessary.

Mr. STARK. I might add that half of my district pays an extra half a percent sales tax, and it never will get any which is even somewhat more remarkable.

Mr. LUTZ. I would also say, Mr. Chairman, that I think Mr. McKinney's point in connection with the operating assistance section of the legislation is an excellent one. The employers of this Nation are giving increasing recognition to the stake they have in transportation for their employees. The administration has encouraged Sears' program in Chicago to help its employees get to work. The 3M Company has an employee transit assistance program. The Federal Government is the primary employer in the Washington region and should recognize that it has a stake in the operations of Metro on a continuing basis. It seems to me when we are asking the private sector to conserve petroleum energy that the Federal Government should be taking the lead, particularly in this region.

Mr. STARK. Thank you very much.

Mr. MCKINNEY. I did not have a chance to recognize Reverend Moore. I would just like to say it is good to see you, thank you for being here, I apologize for being late. Ted, I just want to get on the record that I think one of the saddest things I did was to pick up the paper and see that you are leaving this job, I would suppose for 6 months of rest in the Bahamas. I do not know how you have stayed in it as long as you have with the frustrations, but, anyway, I think you have done a fantastic job, and we will—at least this member will—certainly miss you a great deal.

METRO RIDERSHIP

The chairman has asked all the questions really about the fare structure which is where I wanted to go. I was just going to ask one other sort of generalized question. We are going to definitely in my mind have a gasoline crunch here this summer which seems to me that people are going to be saving their gas to get out of Washington rather than going to work in it. July hits, and any means to leave is taken. Second, the Speaker's office tells me that we emphatically are going to start charging for parking spaces, all you lucky people, including ourselves, as I understand, at somewhere in the neighborhood of $75 for an inside space, $50 for an outside reserved space, and $35 for an unreserved area space. That is a lot of cash a month.

I also understand we are going to wander down to our bureaucratic executive friends downtown and tell them they are going to pay the same. It seems to me that this is going to throw an awful lot of people into the Metro system in an awful hurry rather than by gradual buildup. Have you got the equipment to handle it or the money to get the new equipment if you need it, or have you enough equipment sitting around to handle it?

Mr. LUTZ. Mr. McKinney, I am very grateful to you for bringing that issue up, because I think it pertains not just to the parking but to a national issue that is going to affect your area and every

Digitized by Google

member of this committee's area that has any urban responsibility. The transit industry is going to have some real trouble to be blunt about it.

METRO BUSES

We have 1,700 buses on the streets of this region at peak hour, 1,700 buses, 500 in the offpeak. You can see that there is this huge spread. I do not want to fool anybody. There is going to have to be really tough work on spreading that peak. We have a strategic reserve, you know, with operators assigned to no more than 5 or 10, because we do not have the money to have drivers just sitting around on standby.

Now, what would happen on the short term if we had to add 10 percent to that bus capacity? Three things would have to happen. First, you would have to have the vehicles, and second, you would have to have the trained operators, and the third addition is you have got to make sure the local governments are going to pay the cost. The bus fleets of this country are not in very good shape. I think it is another one of your infrastructure issues. Now what we are doing here is that, for example, on the bus side, no bus is disposed of without the personal approval of the general manager. As a result of that, coupled with an excellent program by all members of this compact—Virginia, Maryland, and the District of Columbia with good help from the Federal Government—this region specifically will probably have several hundred good, serviceable, I believe, buses. Well, probably 12- to 13-year-old buses which could be used, put in good shape. We are keeping the cream of the crop that might otherwise be disposed. If you take the average bus fleet age in Los Angeles now, it is probably 17 to 18 years.

We have a good fleet here, but we would have to then train the drivers. I believe we have a crash program of 4-week training cycles. I think we could be in better shape than almost every area of the country on the bus side. On the rail side, our constraint is largely equipment. We have got a car order that is going out now, but you do not buy rail cars in 2 days. It is a 2-year process, and so again the key would be spreading the peak.

METRO RAIL SYSTEM

Also, of course, using the rail system more effectively is important.

I think we have the capacity to expand here. One of the other things that you with your focus on urban transit problems will have to pay attention to is the rate of expenditures for bus and rail improvements nationally. Congressman Stark's region is starting to look at what it is going to have to do to replace equipment at BART, to buy new buses for Oakland's AC transit.

HANDICAPPED

What is of concern to us is that we have been told to do certain things for the elderly and handicapped. On the bus side alone, as you know, in so many years, everyone in the country is supposed to

Digitized by Google

have their bus fleets accessible for the elderly and handicapped. Among other things, that means equipping buses with lifts.

As you have noticed from reading the paper, we are trying it right now. We took a big gamble, and we have got lifts on the streets of Washington. They are going to be running. It is tough.

Mr. McKINNEY. Could I interrupt you for a minute here? For 16 to 18 years I have been involved with the handicapped, 18 years on the Board of Rehabilitation Center of Fairfield County. You know what appalls me, Ted? This takes the cost of a bus up $25,000 to $30,000, say a deep knee bend bus, as I call them, and what amazes me is that we are absolutely doing nothing for the handicapped. You take a paraplegic veteran say who lives in New York City, and he wants to get on to a deep knee bend Lexington Avenue bus at rush hour, forget it. There is going to be a riot on that bus to start with. How is the guy going to get over the snowbank? How is he going to get past the car that is illegally parked, because on every single corner of the city there is an illegally parked car despite the little yellow tow signs we use, whereas in, say the lower east side of New York, which is a system I went up to watch—I think they call it Easy Rider, I have forgotten—there the handicapped get individual service. If there is snow on the sidewalk, there are two people in the bus that get the guy or the gal into the thing and take them where they want to go. They get them down the snow-covered stairs. They get them down the garbage-covered sidewalks, and the price is far less for the city and far more efficient for the handicapped, and I just do not know what they are thinking of down at DOT. It boggles me, because what we are doing, I think, is assuring that nobody in a wheelchair is ever going to get anywhere within our communities unless they go at 12 midnight or 12 noon when there is nobody else on the system, because, No. 1, you could not get on a New York City bus with a wheelchair even if you left six seats out, because you have got people hanging out the windows.

Mr. LUTZ. I must say I share your concern about whether this is going to be a symbolic victory for the lawyers or whether it is going to be a real victory for the handicapped. That is what scares me. In any case, your city is facing it. Oakland is facing it. The Federal regulations, unless they are changed, say that cities must have lift-equipped buses, and they must have their fleet up to snuff in so many years, and yet at the same time, I am being told that they are not going to give me any funds in this region to buy any more buses for 2 years, and something is going to give, and that will get back to energy.

PUBLIC TRANSIT CRISES

In any case, my real point is that nationally, and here in Washington, a critical element in the ability of transit to handle a rapid infusion of people is spreading the peak travel periods. I am sure the situations in your cities are comparable to the one here.

I think that here in Washington we have shown some foresight. We have acted to increase our fuel storage capacity. By the end of this summer we will have a reserve fleet of 200 buses. I am sure that we can get them into service with minimal maintenance

Digitized by Google

within a several-week period. I am pleased that the Metro board and staff had the foresight to provide for this reserve fleet.

I think that my other hope is that it seems to me that if, indeed, there is going to be additional payment for parking, and has been recommended by our local council of governments and air quality and everything else, that those moneys could be used. While perhaps there is a reluctance just to send them down to Metro to reduce the operating subsidy for a while, I think that is perfectly legitimate. If the administration, for example, does not want to do that, could there not, at least, be some consideration to giving the employee, particularly depending on an income basis or something, those moneys go into a fund to be used to buy reduced-value fare cards or something for those employees that needs it. If they just do not want to send it down to us in a lump sum and say, "OK, reduce your subsidy," can something not be done on the individual employee basis to mitigate, as you said, some of the impacts that may happen.

Many employees will wind up probably saving money, because the cost, the unknown and unseen costs of operating automobiles are very high, but, at least, the use of that money, as you said, there will be some new money, that, I would hope perhaps could be rechanneled, if not just sent down in a lump to Metro, at least to the employees on some sort of basis that encourages them to use public transit, again building on your theory of the employer's responsibility.

Mr. STARK. Thank you very much. I would like at this point to yield to Congressman Harris to introduce our next witness.

Mr. HARRIS. Thank you very much, Mr. Chairman. I appreciate the privilege. It is a special privilege for me to introduce to you the supervisor of the Springfield District of Fairfax County, and I believe chairman of the Northern Virginia Transportation Commission too unless they have had an election since the last time I checked. She is also the chairman of the COG National Transportation Planning Board, and an extremely conscientious and knowledgeable person in the field of transportation, Ms. Travesky.

Ms. TRAVESKY. Thank you, Congressman Harris.

Mr. STARK. Welcome, Supervisor Travesky to the committee and would you like to introduce the people who are accompanying you?

Ms. TRAVESKY. Yes; Mr. Chairman, we are here——

Mr. STARK. I might ask if we could suspend for just a moment if the clerk would like to take a break, or I suspect we will go a few more minutes and recess. Thank you very much. Would you like, Supervisor Travesky, to introduce the people who are accompanying you and proceed in whatever manner you would like?

Ms. TRAVESKY. Yes; I have with me Mr. Al Grant who is executive director of the Transportation Planning Board at COG and Mr. George Wickstrom who is the director of technical services at COG.

Mr. STARK. Mr. Grant, Mr. Wickstrom, it is good to have you with us here today.

Digitized by Google

STATEMENT OF MARIE TRAVESKY, MEMBER, FAIRFAX COUNTY BOARD OF SUPERVISORS, REPRESENTING THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Ms. TRAVESKY. Thank you, Mr. Chairman and members of the subcommittee. I am Marie Travesky, a member of the Fairfax County Board of Supervisors, and chairman of the National Capitol Region Transportation Planning Board. I am also vice chairman of the Northern Virginia Transportation District. We did have another election, Mr. Harris. I am pleased to appear before you on behalf of both the TPD today and the COG board of directors to testify in support of H.R. 1792 or frankly any similar measure which will complete the Metrorail system by 1987.

We have been designated by the Governors of Maryland and Virginia and by the Mayor of the District of Columbia as the official comprehensive transportation planning agency for the Metropolitan Washington area. Such planning is a condition of the Metro funding under the provisions of the Urban Mass Transportation Act. TPB also serves as the transportation policy arm of the Council of Governments, the regional organization of the Washington area local governments, and their government officials.

A longstanding policy of TPB and COG has been to reduce the area's dependence upon the private automobile, and we have been working to implement extensive transportation networks, including rapid rail, bus and bus ways, commuter rail, and other transit elements. Expeditious completion of the Metrorail system has also been identified in the Washington metropolitan air quality plan adopted by COG in November of 1978 as one of the most effective transportation measures for reducing air pollution. Finally, a major objective in policy element of the transportation plan adopted by the TPB in March of 1979 is to provide sufficient revenue to complete, operate, and maintain the approved public transportation system.

H.R. 1792 AND H.R. 3634

Needless to say, H.R. 1792 or H.R. 3634 will contribute significantly to the achievement of these policy objectives by assuring timely and adequate funding of the Federal Government's fair share of Metrorail development and operating costs as well as payment for its outstanding bonded indebtedness. This, in turn, will enable us to deal more effectively with our growing air pollution and energy consumption problems by providing efficient timely alternatives to the use of the private automobile.

Without this alternative of a completed Metrorail system complemented by an efficient Metrobus and fringe parking network, traffic congestion on the region's existing street and highway network could be intolerable. Both COG and TPB have endorsed 1792 and then subsequently, you, Mr. Chairman, have introduced another bill 3634 which, we understand, is comparable but provides a provision for preparation of a State and local financial plan. That has so recently come to our attention that we did not have time to come here prepared today with a position on this specific point, and I know that Mr. Lutz for the WMATA was supposed to have some statement on behalf of the local jurisdictions.

46-263 O - 79 - 5

Digitized by Google

We have submitted my statement to you in advance so it contains some technical data on both the traffic counts and the air quality issues, so I will not go into those.

Mr. STARK. Without objection, Ms. Travesky, we will make your entire prepared testimony part of the record including the exhibits that are the technical data attached with it.

[The above-referred document follows:]

STATEMENT OF MARIE B. TRAVESKY, REPRESENTING THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Mr. Chairman and members of the Sub-Committee. I am Marie B. Travesky, a member of the Fairfax County Board of Supervisors and Chairman of the National Capital Region Transportation Planning Board. I am pleased to appear before you today on behalf of the Transportation Planning Board (TPB) and the Metropolitan Washington Council of Governments (COG) to testify in support of H.R. 1792, or any similar measure which will complete the Metrorail system by 1987.

The TPB has been designated by the Governors of Maryland and Virginia and the Mayor of the District of Columbia as the official comprehensive transportation planning agency for the Metropolitan Washington Area. Such planning is a condition for Metro funding under the provisions of the Urban Mass Transportation Act. The TPB also serves as the transportation policy arm of COG, the regional organization of the Washington area's local governments and their governing officials.

A long-standing policy of both the TPB and COG has been to reduce the area's reliance on the private automobile through early implementation of an extensive transit network, rapid rail, bus and busways, commuter rail, and other transit elements. Expeditious completion of the Metrorail system has also been identified in the Washington Metropolitan Air Quality Plan, adopted by COG in November 1978, as one of the most effective transportation measures for reducing air pollution. Finally, a major objective in the Policy Element of the Transportation Plan adopted by the TPB in March 1979 is to "Provide sufficient revenue to complete, operate and maintain the approved public transportation system."

H.R. 1792 AND H.R. 3634

Needless to say, H.R. 1792 or similar legislation such as H.R. 3634 will contribute significantly to the achievement of these policy objectives, by assuring timely and adequate funding of the Federal Government's fair share of Metrorail development and operating costs, as well as payment for its outstanding bonded indebtedness. This, in turn, will enable us to deal more effectively with our growing air pollution and energy consumption problems by providing an efficient, timely alternative to the use of the private automobile. Without this alternative of a complete Metrorail system, complemented by an efficient Metrobus and fringe parking network, traffic congestion on the region's existing street and highway network could be intolerable.

COG and the TPB have endorsed H.R. 1792. Subsequently, Mr. Stark has introduced H.R. 3634 which we understand is comparable in principle to H.R. 1792 except that it contains certain conditions for the preparation of a state and local financial plan for the completion of the Metrorail system. These conditions are not contained in H.R. 1792 introduced by Mr. Harris and his colleagues. For those differences that exist, COG and the TPB have not taken a specific position. However, WMATA has examined both of these bills and will be able to provide the Committee with the local governments' position on these issues.

Finally, before turning to the technical information in support of our position, let me urge in the strongest possible terms, on behalf of all the local government members of COG and the TPB, that the Congress enact H.R. 1792, or similar legislation such as H.R. 3634 that will complete the system by 1987.

NEED FOR COMPLETING METRO

The need for swift completion of the Metrorail system can be best illustrated by comparing two sets of recent traffic counts obtained by the TPB.

Exhibit 1 shows a count of peak period inbound traffic entering the core area of the region during the peak AM traffic period on a typical weekday in 1978. Transit service, both Metrorail and bus help serve this demand. In 1978, just over 3 of 10 traveled by transit, with nearly 7 of 10 entering by private automobile. 178,000 automobiles entered this area daily during the three peak hours.

The second exhibit shows similar data just obtained across the Capital Beltway. Transit service is less and Metrorail has not yet reached the area beyond this

Digitized by Google

highway. In this case, as shown in Exhibit 2, transit riding accounts for less than 1 of 10 travellers, with autos handling 9 of 10.

COG has recently completed a new round of population and economic forecasts for the Metropolitan area and its member jurisdictions. They have reaffirmed the findings of past forecasts and current growth patterns that the vast majority of residential growth (as much as 3 of every 4 new households) is occurring in suburban jurisdictions outside the Beltway. Early penetration of the system into outlying areas is needed to orient this growth and its subsequent travel to public, not private forms of transportation.

It is clear from all the traffic forecasts made to date that the relative use of transit would change both upward with the completion of the 101-mile system. Past estimates place the increases in the relative use of transit at double today's percentages.

In absolute terms, it is expected that transit ridership to the regional core will increase by 100 percent.

This forecast should not be surprising, as the introduction of Metrorail service has already had a significant impact on transit ridership.

Regionwide, total daily transit ridership now exceeds one-half a million trips a day, compared to 376,000 trips daily prior to the opening of Metrorail. In addition, an analysis of recent ridership statistics showed that from December of 1977 to December of 1978, total regional transit ridership increased by 23 percent. Average weekday ridership on Metrorail is now a quarter of a million riders and continues to grow.

METRO'S IMPACT ON AIR QUALITY

As to the Metrorail systems' impact on air quality, the Washington Metropolitan Air Quality Plan estimates that the sections of Metrorail now under construction and scheduled to open by 1982 will reduce hydrocarbons by 1.64 tons per day and carbon monoxide by 18.57 tons daily.

The Metropolitan Washington area has applied for an extension from 1982 to 1987 in meeting air quality standards. At the present time, however, it is also estimated the area will not meet air quality standards by 1987, even with completion of the 101-mile system. Hydrocarbon emissions are projected to exceed allowable emissions by approximately 21 percent. Failure to achieve timely completion of the Metrorail system can only make this situation considerably worse. Furthermore, in selecting any necessary regulatory measures so as to meet standards, the region's options are severely limited without the full Metrorail system as a viable alternative to auto travel.

The recently completed Metrorail Alternatives Analysis Study estimates a similar magnitude of reduction of hydrocarbons in the future for that portion of the Metrorail system which was subject to analysis. (Note: Future CO estimates are not available). Completion of the Metrorail system would be the single most effective transportation system related measure available in attempting to meet federally mandated air quality standards by 1987.

ENERGY CONSERVATION

Completion of the Metrorail system is also very important to the region's energy conservation plans. For example, assuming an average auto occupancy of 1.3 persons per auto and an average fuel economy of 15 mpg. each additional transit rider gained will save approximately 236 gallons of gas per year. Conservatively estimating that completion of the four unbuilt segments studied in the recent alternatives analysis would increase transit ridership by 90,000 to 100,000 trips a day, then this would result in savings of between 10.6 and 11.8 million gallons of gas per year.

Regional efforts to improve air quality and encourage energy conservation have been greatly assisted by President Carter's recent decision to charge commercial parking rates for Federal employees. We understand that the Congress is now considering similar action. This action, however, further increases the need for the timely completion of the Metrorail system.

RIDERSHIP

A recent consultant report, "Transportation Controls for Air Quality Improvement in the National Capital Region," estimates that instituting commercial parking rates at Federal parking facilities will result in an increase of 9,600 daily transit trips in the near term.

All forecasts of future transit ridership (1990 and beyond) had been based on the assumption that commercial rates will be charged for these government controlled spaces.

Digitized by Google

Completion of the Metrorail system is thus an integral part of the region's air quality and energy conservation plans. A complete, truly regional, rapid rail system will offer an acceptable alternative to commuting by the private automobile. Only by making transit riding in the region faster, more convenient, and more reliable will the region be able to achieve its air quality and energy goals.

In summary, Metrorail provides a high speed alternative to auto travel from the suburban growth areas to the central parts of the region. For Washington, with its high concentration of employment in the central area, this is essential for the economic well-being of the District of Columbia and the Metropolitan Washington area.

The Metrorail system also provides a much needed focus for transit service in the area. It will be a major improvement over present bus transit service and will be, in fact, fed by improved bus service. Suburban jurisdictions are supplementing Metro bus service with bus feeder systems of their own. Additional fringe parking lots have been provided and more will accompany Metrorail extensions into suburban areas. For many trips, especially for those to the region's core, it will provide a real alternative to the automobile. It has already connected and integrated the region's scattered central area and supported expansion of that area. Similarly, further Metrorail extensions can do the same for the entire region. It has and will continue to reduce peak hour city traffic in corridors where it now serves as an alternative. The Council of Governments and the National Capital Region Transportation Planning Board believe that regional land use, transportation, energy and air quality objectives can be best served with the completion of the rail rapid system by 1987.

Thank you for this opportunity to present our views on this matter.

EXHIBIT 1

INBOUND TRIPS CROSSING, THE RING 1 (CORE AREA) CORDON LINE, 1978

[A.M. peak period (6:30 a.m.–9:30 a.m.)]

	Persons	Percent
Auto drivers	178,568	48
Auto passengers	79,657	21
Transit riders	117,512	31
Total persons	375,737	100

EXHIBIT 2

INBOUND TRIPS CROSSING, THE BELTWAY CORDON LINE, 1978

[A.M. peak period (6:30 a.m.–9:30 a.m.)]

	Persons	Percent
Auto drivers	196,763	72
Auto passengers	51,433	19
Transit riders	25,590	9
Total persons	273,786	100

NEED FOR LEGISLATION

Ms. TRAVESKY. Thank you, so I will spare you the necessity of listening to me read the whole thing. All I will ask is that you do understand that we are very, very much in need of Federal legislation. I think all of the speakers today have eloquently pointed that out. We need your participation; we pledge our participation. We have taken positions at the State and the local levels and at the regional levels that we will escalate fares to keep pace with the cost of living and that we will work toward a dedicated tax source.

Digitized by Google

We all feel very strongly that none of us can continue to support these deficits without that.

Now the question of whether you tie that into a bill, on the one hand, you may give us additional support with our legislatures, but on the other hand, you may make it impossible for some of us to work out the best way of dealing with that, and I am not sure, but we will rely on your collective judgments.

Mr. STARK. I want to assure you that the Chair represents a district that has some of the same problems. We have the ability—and I am not sure whether you do in Virginia—to change sales tax by county and have the State collect and rebate that, so that we pay additional sales tax in the counties that are served in the San Francisco/Oakland bay area. Having heard the eloquence of Congressman Harris, Congressman Fisher, and the other members here this morning, it would be wrong to think that we will have no trouble convincing the other 430-odd Members of the House and 100 Members of the Senate to provide all the money needed. As vital an issue as it is to the National Capital region—and it is really one of the reasons that many of us who are not from the area are dedicated to seeing Metro completed, because it is an important overall part of preserving the Capital and this region—it is not going to be easy. We are in a Congress, and we are led by an administration which is marching to the drumbeat of cutting government expenditures, and it is a very powerful force right now. It is going to be difficult, and it is going to take all of the support that you and your colleagues can give to your local representatives in Congress to get a bill through, and, believe me, that is the only reason that the Chair would consider compromising or doing anything less than Congressman Fisher and Harris and others have suggested we do, and it is to get a bill through and get as much as we can as quickly as we can to complete Metro.

I certainly would pledge my support to that. Some of us may differ as to what we can get out of the agencies and what we can get out of appropriations, but this committee is committed to complete Metro as quickly as we can and that, I guess, takes in not only the engineering considerations and the considerations of the various governments involved, but the political considerations of the task we face now. This afternoon on the floor, we are going to debate the Federal budget, and we are going to hear some wondrous and strange amendments offered on what we ought to do with your tax dollars. I am counting on the help of not only your local representatives, but people like yourselves who are going to have to support your local representatives.

It is going to be a tough fight. I know it seems difficult, but I would suggest that the people from Ohio and people from Mississippi and people from Oregon and Kansas really do not care that much, and they are not writing their representatives back here saying, "You had better get Metro completed," and that is the problem that your able representatives face, and we will give them all the support that we can, and your support is appreciated.

Ms. TRAVESKY. Well, let me say that we will do all that we possibly can to support you, and certainly we have a very able leader in Mr. Harris. We all recognize all he has done for mass transportation in this region already, and I do appreciate your

Digitized by Google

problems, because we have been trying to get the States of Virginia and Maryland to allow us to tax ourselves. We were not even asking for any help from the rest of the State, and they have not seen fit to do that to this time.

We are hoping that this year, given the energy problems, we feel that we are in a position now to say, "There is no alternative but to complete the system," and if I can be parochial, I do represent Springfield District. It is the end of the line that is proposed for the Metro system, and we have no way of funding that right now without this legislation.

Mr. STARK. Thank you very much. Mr. Harris?

Mr. HARRIS. Thank you, Mr. Chairman. I would like to congratulate you for your statement, for COG's statement, Ms. Travesky, and thank you for your kind comments.

DEDICATED REVENUE SOURCE

I think one of the key factors in the chairman's mind and my mind is how can we give assurance to those in the rest of the Nation and in the Department of Transportation and elsewhere that there is a financing commitment available in the future to operate the system. You have mentioned a dedicated source of revenue. Has COG taken a position on this or has the Fairfax board taken a position on a dedicated source of revenue?

Ms. TRAVESKY. Every jurisdiction in the region has taken a position that they support completion of the system and have supported and approved the financial plan for Metro. In addition, at a meeting at Airlie, all of the local elected officials in attendance did pass a resolution that they supported a dedicated revenue source. I do not have to tell you that we all have very hefty real estate taxes in our jurisdictions, so we are not in danger of not paying for it, I do not believe, but it is a burden that could be spread out more equitably if we had another source, such as a sales tax. I am hoping that within the State of Virginia in this next session of the general assembly, we will have a lot of support from other regions of the State who are also beginning to feel the mass transportation pinch, and the need for some source of funding.

Mr. HARRIS. Can I maybe enlist you as an emissary here? We do have a letter filed with the committee from the Governor of the great Commonwealth of Virginia that says:

It is unreasonably to expect the local governments represented and the Transit Authority to enact a tax dedicated exclusively to paying Metro operating costs. I oppose a dedicated State or local tax for reason that rest upon a broad principle.

[The statement of Governor Dalton referred to follows:]

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE GOVERNOR,
Washington, D.C., April 30, 1979.

Hon. FORTNEY H. "PETE" STARK,
Chairman, Subcommittee on Metropolitan Affairs, House Committee on the District of Columbia, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your April 20 letter, I am pleased to submit testimony from the Honorable John N. Dalton, Governor of the Commonwealth of Virginia, on H.R. 3634.

Thank you for your consideration of Virginia's views and for including these comments in the subcommittee's record.

With best regards, I am,

Digitized by Google

Sincerely,

STANFORD E. PARRIS, *Director.*

Enclosure.

TESTIMONY OF HON. JOHN DALTON, GOVERNOR, COMMONWEALTH OF VIRGINIA

I am pleased that the Committee on the District of Columbia is acting on legislation to guarantee the federal funds essential to construction of the full, 101-mile Metrorail system in the Washington Metropolitan area.

The Commonwealth of Virginia has long supported construction of Metrorail as an essential element in a well-balanced public transportation system in Northern Virginia and elsewhere in the National Capital area. I have committed myself to the goal of a 101-mile system that is based on a fiscally responsible financial plan. I have not swerved from that commitment since taking office as Governor of Virginia, and I pledge to you again today that I will continue to pursue that goal. With the approval of the General Assembly, my Metrorail funding commitments have been fully kept. I am confident that both the State government and the city and county governments of Northern Virginia will continue to meet their Metrorail commitments in the future.

The special relationship between the federal government and the Washington Metropolitan Area Transit Authority was firmly established by the National Capital Transportation Act of 1969. That Act recognized the Federal Government's impact on transportation services to the Washington area by providing federal funds that exceeded amounts normally available through Urban Mass Transportation Administration grants.

In recognition of Federal Government needs, the Metrorail system was designed to serve specific federal facilities and to accomodate the public transportation requirements of federal employees. It not only provides a daily transportation service to government employees, but also serves the millions of visitors attracted to the National Capital annually from throughout the Nation and the world.

The special relationship between the federal government and WMATA is also justified by the presence of significant federal facilities in the Virginia and Maryland suburbs of Washington. These facilities impose a significant public transportation burden but do not yield property tax revenues needed to help carry that burden.

Past federal government support of Metrorail and the support envisioned in the legislation before you today recognize the federal responsibility for completion of the system. That responsibility has always been the basis for the special relationship between the federal government and WMATA.

The two bills before you today provide different rates of contributions by the federal and local governments to the capital construction fund needed to complete the 101-mile system. I support the accelerated rate provided in House Resolution 1792, introduced by Representative Herbert E. Harris, II, of Virginia. The accelerated funding provided in this bill wisely anticipates inflation in construction costs. By funding construction costs as rapidly as possible, the approach taken in House Resolution 1792, both the federal government and the cities and counties of Northern Virginia can avoid significantly higher expenditures caused by inflation.

As the Metrorail and bus system have become an operating reality, the cities and counties of Northern Virginia have been called upon to meet increasing deficits that have resulted from operating costs that significantly exceed operating revenues. It is expected that these deficits will increase as the Metrorail segment of the system expands. However, I believe it is unreasonable to expect the local governments represented in the Transit Authority to enact a tax dedicated exclusively to paying Metro operating costs.

I oppose a dedicated state or local tax for reasons that rest upon a broad principle. In raising tax revenue, we must always strive to bend public resources to meet changing public needs. We must always take care to avoid warping the tax structure permanently and thereby deprive ourselves of the flexibility needed to respond to changes in demands for public services.

Future Metro operating deficits have been projected, but these projections rely on uncertain factors. Because of the uncertainties, it is almost impossible to enact a dedicated tax with confidence. The revenues such a tax would provide almost certainly would exceed or fall short of the need. If the revenues fall short, then the cities and counties of Northern Virginia would still rely on traditional tax sources to pay the deficit, exactly as they do now. If they exceed the need, then we will have asked already overburdened taxpayers to provide revenues not actually required by current public services.

Digitized by Google

Most proposals for a tax dedicated to Metrorail operations provide that it would be levied only in the region served by the rail-bus system. I am firmly opposed to a regional tax and have often stated that opposition before and since taking office. The U.S. Advisory Commission on Intergovernmental Relations has studied the concept of regional taxes many times and has consistently warned that they can have undesirable consequences. I am fearful of creating high tax zones that might induce unwanted population shifts. Over time, our mobile population avoids high tax areas, a phenomenon that compounds the problems that regional taxes were intended to address. Northern Virginia already is experiencing the impact of relatively high property taxes. I believe that a new regional tax in Northern Virginia would only aggravate this problem in the long run.

Finally, I am unaware of a persuasive precedent for predicating federal government grants on the enactment of dedicated taxes by a sovereign state or its cities and counties. It appears unreasonable to do so. The extensive system of federal grants helps support many public services, such as education, health care, law enforcement and transportation. There is no reason to question the commitment of the states and the local governments to these services merely because they do not choose as a matter of policy to earmark specific tax sources for their support.

Secretary of Transportation Adams, as you know, has made clear his intention to seek a dedicated local tax source for the support of Metro operations. I am compelled to oppose that proposal for the reasons I have stated.

The Commonwealth and her cities and counties in Northern Virginia are presently at work on the formulation of a sound financial plan for continued Metro operations. Such a plan must necessarily rely on firm understandings with respect to fare structures, levels of service and operating efficiency. If required construction funding is authorized by the Congress, I think it is practical for such a plan to be formulated by September 30, 1980.

Mr. HARRIS. Basically, the Governor has problems with respect to any regional tax, and with regard to dedicated taxes, and quite frankly, there are general principles involved here. Can we enlist you as an emissary to reason with the Government and obtain some sort of a compromise position that may be enough to satisfy the committee and the Department of Transportation and others?

Ms. TRAVESKY. Well, Mr. Harris, since we have spent the past 2 years conditioning, if you will, the members of our state legislature and we think we now have all of those people convinced that there is a need not only to help northern Virginia, but perhaps other parts of the State.

Mr. HARRIS. You say all of them?

Ms. TRAVESKY. Well, I would say the number of votes that are needed to make this a reality. We have earmarked this year as the "Year of the Governor," and so we will spend most of our efforts in every way we can to help him to understand that we do want a dedicated tax source for this Metro system.

Mr. HARRIS. As I understand it, then, you are really in a strong negotiating position and you feel like there is a chance to obtain some progress with regard to this issue.

Ms. TRAVESKY. We think we have turned around some very key people, yes.

Mr. HARRIS. Thank you.

[Subsequently, the following additional statements from area governments were submitted for the record:

THE PRINCE GEORGE'S COUNTY GOVERNMENT,
Upper Marlboro, Md., May 4, 1979.

Hon. FORTNEY H. STARK,
Chairman, Subcommittee of Metropolitan Affairs,
Washington, D.C.

DEAR PETE: Attached please find 40 copies of my statement addressing H.R. 3634 and H.R. 1792.

Digitized by Google

All local governments have been under a financial strain because so much of their budgets are financed by the property tax. At the 1978 election the voters of Prince George's County, Maryland, adopted a Charter Amendment which freezes property tax revenue at the fiscal year 1979 level of collections. This is perhaps one of the most stringent "Proposition 13" type of revenue restrictions adopted anywhere in the Country.

Therefore, additional Federal and State financial aid for transportation is vital.

I appreciate your invitation to submit testimony on these two important measures.

If any additional information is needed, please contact me at 952-4216 or my Legislative Liaison, Ella Ennis at 952-3780.

Sincerely,

LAWRENCE J. HOGAN,
County Executive.

Attachments.

STATEMENT OF PRINCE GEORGE'S COUNTY EXECUTIVE LAWRENCE J. HOGAN, MAY 4, 1979

Mr. Chairman, the consideration of H.R. 3634 and H.R. 1792, which would amend the National Capital Transportation Act of 1969 is timely. I appreciate the opportunity on behalf of Prince George's County to offer testimony on these bills.

Prince George's County, as a member of the Washington Metropolitan Area Transit Authority and a signatory to its compact, supports the joint efforts of Federal, State and local governments of the Washington Metropolitan area to provide a balanced, coordinated public transportation system in this region. The benefits of such a system are not only quicker, more efficient transportation to serve both the needs of the Federal government, Congress and the local citizenry, but it also will result in fuel savings in this time of energy crisis. Such a system will reduce the need for increased road building and parking requirements in the central city and also reduce air pollution. Rapid transit also induces economic development as shown in the newspaper articles attached to this statement.

In the 1960's I served as coordinator of the Joint Committee on Transportation for Metropolitan Washington, the group which lobbied for enactment of the original authorizing legislation for Metro. As a Member of Congress I worked and voted to provide the National Capital region with a balanced transportation system. If it is to work efficiently, it must include rapid-rail, buses, fringe parking lots, and carpooling. These bills will go a long way toward accomplishing the goal of a coordinated, efficient public transportation system completed in the Washington area. As you are aware, the Nation's Capital receives many millions of visitors each year. It is important that they be able to travel within the metropolitan area comfortably, pleasantly and inexpensively. It also is vitally important that the work force, both Federal and private, be able to get to their jobs in the most energy-efficient manner. The need of the growing senior citizen population for public transportation is not only a convenience, but a necessity.

Over the years there have been many delays, some for valid reasons, in the completion of this system. The Department of Transportation's alternative analysis, with its attendant delays, has been completed. Now is the time to provide adequate funds for both capital and operating costs so that the system can be completed as expeditiously as possible. In this time of double-digit inflation, it is imperative that we adhere to the construction schedule and if possible accelerate it, thereby maximizing the value of each dollar spent.

While both H.R. 1792 and H.R. 3634 provide additional funding for capital construction costs, H.R. 1792 authorizes a lump sum of $1,700,000,000 beginning on October 1, 1980. This would provide for accelerated construction, wherever it can be implemented. Both bills provide that the sums allotted will remain available until expended.

A particularly beneficial provision of H.R. 3634 is the addition of $150,000,000 for inflation. Another feature is the continuation of the Federal government's commitment to share the cost of repayment of principal and interest on construction bonds on a two-thirds federal, one-third state and local basis, which is also essential.

The provision for annual Federal contributions for rail operating expenses, as well as assistance for maintenance of the rail system, is noteworthy in both bills. The language of H.R. 1792 would appear to cover the maintenance of the entire transit system, without limitation to the rail portion.

The National Capital Region does not deal with a single jurisdiction as do many transit authorities, but must coordinate with the Federal government, two states, the District of Columbia, and five county governments. As a result, a great deal of

Digitized by Google

planning and coordination must precede any given decision; maximum flexibility, therefore, is most beneficial in setting up payment schedules and funding sources.

Section 17 of H.R. 3634 requires that local participating governments have a dedicated source of revenue to cover their share of operating expenses and that such dedicated sources be in place by September 30, 1980. Prince George's County, together with Montgomery County, sought during the 1979 session of the Maryland General Assembly, to provide such a dedicated source of revenue. The legislation requested did not receive the support of Governor Hughes, who proposed instead that a committee, prior to the 1980 Assembly session, study the best possible method to meet this requirement. It is my intention to cooperate fully with the Governor in this area and to work to provide an amicable solution to this most important problem. It is certainly a valid concern of all the members of WMATA that, if one jurisdiction fails to enact such a dedicated revenue source, that the other jurisdictions not be penalized for this failure. I believe the September 30, 1980 deadline is relatively early, and would hope Congress would see fit to provide some leeway in this requirement, perhaps by extending it one year. As you consider these two pieces of legislation I will be happy to provide any additional information you may require of our County. On behalf of the people of Prince George's County, I sincerely thank the Committee and Congress for their attention to this important transportation need and for their assistance in bringing the completion of this much needed public transportation system to fruition.

Thank you.

CITY OF FALLS CHURCH,
Falls Church, Va., May 2, 1979.

Hon. FORTNEY H. STARK,
Chairman, Subcommittee on Metropolitan Affairs,
Washington, D. C.

DEAR CONGRESSMAN STARK: The City of Falls Church has consistently supported the completion of the Metro Rapid Rail System for this region.

On March 12, 1979 the City Council adopted the enclosed Resolution 79-5 in support of H.R. 1792 which provides for Federal participation in the completion of this system.

In reviewing H.R. 1792, and H.R. 3634, the City believes that it is in the best interest of the Metropolitan region that H.R. 1792 prevail.

If I can be of further service, please contact me.

Cordially,

HAROLD L. MILLER, *Mayor.*

RESOLUTION IN SUPPORT OF H.R. 1792 WHICH AUTHORIZES ADDITIONAL FEDERAL CONTRIBUTIONS FOR THE COST OF CONSTRUCTION AND OPERATION OF THE 101-MILE RAPID TRANSIT SYSTEM OF THE NATIONAL CAPITAL REGION

Whereas the City of Falls Church entered into a compact in 1968 to provide for the construction of a 98 mile rapid rail transit system known as the Adopted Regional System (ARS) in the Washington, D.C., Metropolitan Area; and

Whereas the City of Falls Church entered into the Interim Capital Contributions Agreement in 1976 to provide for construction and operational status of 60 miles of the Adopted Regional System; and

Whereas the federally-mandated Metrorail Alternatives Analysis on the unbuilt segments of the Adopted Regional System reaffirmed the need for 101 miles of Metrorail as well as extensive complementary Metrobus routes; and

Whereas the Washington Metropolitan Area Transit Authority has proposed a Financial Plan for Completion and Operation of the Public Transportation System for the National Capital Area which provides for the 101 mile system; and

Whereas the City Council of the City of Falls Church adopted a resolution on October 23, 1978, endorsing Plan II of the WMATA Financial Plan, which includes costs and sources of funding for: Metrorail construction, debt service on WMATA revenue bonds, and Metrorail and Metrobus operations; and

Whereas H.R. 1792 introduced by the Honorable Herbert Harris in the House of Representatives on February 1, 1979, authorizes Federal funding of 80 percent of the construction costs of the 101 mile Metrorail System, and authorizes Federal funding of two-thirds of the principal and the interest of the WMATA revenue bonds, which are essential commitments and which will provide the foundation for the commitment of matching funds by the City of Falls Church; and

Digitized by Google

Whereas H.R. 1792 authorizes annual federal contributions for operating expenses above the grants under Section 5 of the Urban Mass Transportation Act of 1974, which is an equitable reflection of the federal government's special relationship to this area's transit system; and

Whereas the completion and operation of the Metrorail System is essential for efficient transportation for the Nation's Capital and for reduction of air pollution in the Washington Metropolitan Area, both matters of important concern to the Federal Government: Now, therefore, be it

Resolved, That the City of Falls Church urges passage of H.R. 1792 to authorize additional federal contributions for the cost of construction of the 101 mile rapid transit system, and to provide an authorization for the retirement of WMATA revenue bonds, and to provide an authorization for an annual Federal payment to WMATA beyond the Section 5 grants for Metro operations.

Adopted March 12, 1979.

ARLINGTON COUNTY, VA.,
OFFICE OF THE COUNTY BOARD,
Arlington, Va., May 3, 1979.

Hon. FORTNEY H. STARK,
Subcommittee on Metropolitan Affairs, Committee on the District of Columbia, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN STARK: I am pleased to respond to your letter of April 24, 1979, inviting me to testify for the record on your bill, H.R. 3634, to provide additional financial assistance in support of the construction and operations of the Washington Metropolitan Area rapid rail system.

I would first like to emphasize that Arlington County is deeply committed to the regional Metrorail and Metrobus systems. Arlington residents are using the system quite heavily today and are looking forward to the opening of Phase IV late this year, when an additional four stations will become operational in Arlington.

Regarding the current bill before the Subcommittee on Metropolitan Affairs, I would like to briefly make five points:

First, I believe we all recognize that this metropolitan area has a special relationship with the Federal Government not shared by any other area of the nation. This area is the center of Federal Government; and as a consequence, the U. S. Government is the largest employer in the area. Many of the services provided at the local level are provided for the direct benefit of Federal employees. The regional transit system is but one example. The U. S. Congress recognized this special relationship many years ago when it financed the beginnings of what is now a working rapid rail system, which is operating extremely well to bring Federal employees to and from work each day. This special relationship is reflected by elements of your proposed legislation which provides capital and operating assistance to the Metrorail system.

Second, with regard to the proposed capital assistance beginning in fiscal year 1982, we support its passage. We all recognize that more money, than was originally contemplated, will be needed to complete the system. The additional funds which would be authorized by this legislation will, if inflation can be controlled nationally, enable us to complete the 100-mile rail system. It would be advantageous if the level of funding could be increased to $350,000,000 annually to enable the system to be completed earlier than would be possible with the proposed $275,000,000 and closer to the schedule contained in the adopted regional construction and financial plan.

Third, we support the Federal assistance in paying principal and interest on the revenue bonds and the authorization for higher payments in the early years to relieve the local burden of these payments at the same time local jurisdictions are providing capital funds to match the Federal contributions.

Fourth, we believe the additional assistance toward operating subsidies, beginning at $20,000,000 and growing annually, fully recognizes the special relationship that the Federal Government has with this metropolitan area. This operating assistance will relieve the local jurisdictions of some of the burden of continuing to finance a growing system with the local property tax.

This brings me to my fifth and final point, that of the dedicated tax requirement by September 30, 1980. This element of the legislation gives us grave concern. Arlington County is not authorized by State law to create a dedicated tax to support Metro with the exception of a small part of the vehicle registration fee, which amounts to about $500,000 annually. This portion of the vehicle registration is dedicated to transit purposes. We have also attempted, at the last three meetings of the General Assembly in Richmond, to obtain for assistance to transit, an extra one cent on the sales tax or four percent surcharge to the gasoline purchase. Two years

Digitized by Google

ago, the sales tax measure failed by one vote in the House. I do not believe it possible for us to accomplish a dedicated tax since, to date, most legislators in the Virginia General Assembly have not been responsive to our intense efforts to obtain one.

We have paid all our obligations to the transit system, to date, and intend to continue to fund our obligations in the future.

I believe it would be best to recognize that local jurisdictions are not free to establish a dedicated tax, and I would encourage this portion of the legislation be dropped. We will continue to pay our Metro obligation for both the bus and rail systems.

I appreciate the opportunity to present this testimony and look forward to the passage of H.R. 3634 in a somewhat modified version as suggested.

Sincerely,

DOROTHY T. GROTOS,
Chairman, Arlington County Board.

COUNTY OF FAIRFAX,
BOARD OF SUPERVISORS,
Fairfax, Va., May 10, 1979.

Hon. FORTNEY H. STARK,
Chairman, Subcommittee on Metropolitan Affairs,
Washington, D.C.

DEAR CONGRESSMAN STARK: In response to your letter to me dated April 24, 1979 requesting written testimony on H.R. 3634 and H.R. 1792, this is to advise you that the Board of Supervisors approved the attached testimony at their May 7, 1979 meeting. Your office was earlier advised that we would not be able to meet the May 4, 1979 date for submittal of comments due to our receiving your Bill quite late in the process. It is requested that this testimony of the Board of Supervisors be entered into the record and further that this testimony be provided to the Committee which now has both Bills. I am also sending a copy of this testimony to Congressman Harris.

We appreciate your assistance and endeavor in the important and significant legislation needed for funding the metrorail system.

Sincerely,

JOHN F. HERRITY.

Attachment.

TESTIMONY OF THE FAIRFAX COUNTY BOARD OF SUPERVISORS AS FILED

The Fairfax County Board of Supervisors appreciates the opportunity provided by the Subcommittee on Metropolitan Affairs of the Committee on the District of Columbia of the U.S. House of Representatives to review and provide comments on H.R. 1792 and H.R. 3634 which are bills introduced by Congressman Harris and Congressman Stark respectively concerning funding for the Metrorail system. It is requested that this testimony be introduced into the record of the hearings on these bills by the Subcommittee and that the Committee mark-up of these bills consider our comments.

The Board of Supervisors previously endorsed H.R. 1792 by adopting the attached resolution on March 12, 1979. At the time the Board adopted this resolution, H.R. 1792 which was introduced by Congressman Harris was the only bill that would provide for funding of Metrorail capital, operating, and revenue bond debt service needs in a manner consistent with the financial plan that had been prepared by this region and the Washington Metropolitan Area Transit Authority and which has been submitted to the U.S. Department of Transportation. Our review of H.R. 3634, which was recently introduced by Congressman Stark indicates that H.R. 3634 and its provisions are generally consistent with the various elements embodied in the financial plan, which was endorsed by all the local jurisdictions that are part of the WMATA Compact. The Board of Supervisors of Fairfax County strongly endorse both these bills to the extent that the funding levels prescribed therein would enable completion of the full Metrorail system at the earliest possible time and in keeping with the good faith that has been reflected by all local jurisdictions in continuing to participate in this endeavor which was originally initiated as a cooperative venture between this region and the Federal Government. The Board further supports these bills in the sense that it amends the National Capital Transportation Act of 1969 which Act recognized the special relationship between the Washington Metropolitan Area Transit Authority, the Federal Government, and the Congress of

Digitized by Google

the United States and led to the original funding for the Metrorail system as a separate element and a separate program from funding for other similar programs in the rest of the Country. The system and its early completion has been supported by all the administrations since the inception of this program and it is essential that such support and enthusiasm be continued by legislation that would provide the additional federal funds that are needed to complete the system. With increasing gasoline prices and the potential for gasoline shortages, it is more important than ever for the Congress of the United States to ensure that funds at the level and the schedule prescribed in H.R. 1792 and H.R. 3634 are available so that this essential regional program can continue.

A major difference between H.R. 1792 and H.R. 3634 is in the area of a dedicated source of revenue. H.R. 3634 would provide additional federal funds for construction and operations contingent on the participating local jurisdictions having a dedicated source of revenue for contributions to rail operating expenses. The Fairfax County Board of Supervisors has strongly endorsed such a dedicated source of revenue and during the 1978 and 1979 sessions of the Virginia General Assembly aggressively sought in cooperation with other Virginia jurisdictions the enactment of legislation that would enable us to have a one cent add-on sales tax that would provide revenues toward meeting the operating subsidy. Despite an aggressive campaign on the part of Northern Virginia legislators, attempts during both years failed and no legislation was enacted. Fairfax County, on its own, does not have the authority to guarantee an additional dedicated source of revenue that would meet the requirements to this effect that have been requested by the Federal Government and are also stated in HR 3634. The only source of revenue that Fairfax County has at its discretion is the real estate property tax and we recognize that the property tax can not continue to bear the entire burden of Metro related operating subsidies. It was with this in mind that Fairfax County was totally in support of legislation that would have shifted the burden of operating subsidies from the property tax to the sales tax. To the extent that this measure did not pass during the last two sessions of the Virginia General Assembly, we could not support a funding bill that conditions the receipt of capital funds on having such a source of revenue in place. That decision is not ours and is a commitment that cannot be made by the Fairfax County Board of Supervisors. We would further state that a delay in receipt of funds for capital construction because a dedicated source of revenue is not in place would only delay completion of the system and increase its costs due to inflation.

As far as the cooperation and the continued good faith of Fairfax County in this endeavor, the Committee should note that Fairfax County as well as other jurisdictions have to date met all obligations or requests for funding that were made by Metro of us. Fairfax County has contributed its originally allocated share of the capital cost which was authorized by a bond referendum in 1969. We have paid over additional amounts towards funding the completion of 60-miles of this 100-mile system. During two different fiscal years Fairfax County had included in its budget our share of Metro revenue bond debt service, even though these amounts were later deleted because the local share of such debt service was accomplished through other funding sources. We have paid in a timely manner and when due all bills from WMATA to us for rail and bus operating subsidies. In essence, Fairfax County has supported this system since its inception and has never failed to deliver on a request for funds needed to construct or operate various segments. It would be detrimental in the overall context if the needed funds are authorized by Congress and then withheld or not released pending all jurisdictions having a dedicated source of revenue in place. This would merely increase the total cost of the system and delay its availability to the residents in the Metropolitan area.

In concluding, it is the position of the Fairfax County Board of Supervisors that the funding levels in both bills are consistent with the financial plan and would enable completion of the system in a timely manner. We do want the Committee to closely consider the potential impact of delays in approving federal funds for this system contingent on the enactment of a dedicated source of revenue. We believe that the funding of this system through federal legislation is important and crucial to the completion of a project that initially started in an environment of close federal and local participation. We also would suggest that the Committee review the record of all jurisdictions in this Metropolitan area and see for themselves the good faith that has been exercised by all jurisdictions in meeting their legal and other obligations to WMATA. The Fairfax County Board of Supervisors believe that such a review on the part of the Committee will provide the necessary basis and justification for amending the language in Section 16 and Section 17 of H.R. 3634 so that the approval of federal funds for the Metrorail system will not be so strongly conditional on having a dedicated source of revenue. We, however, do urge the Sub-

Digitized by Google

committee to move forward with this important piece of legislation so that it can go forward to the full Committee and to the House for approval and enactment for this important program.

At a regular meeting of the Board of Supervisors, Fairfax County, Virginia, held in the Board Room in the Massey Building at Fairfax, Virginia, on Monday, March 12, 1979, at which meeting a quorum was present and voting, the following resolution was adopted:

WHEREAS the National Capital Transportation Act of 1969 provided for federal payments to assist in the construction of a rapid rail transit system for the Metropolitan Washington area; and

WHEREAS the local governments have completed an analysis of alternatives to unbuilt segments of the system and agreed upon a preferred regional system; and

WHEREAS a financial analysis of this system has been performed, to produce estimates of funding requirements for construction, operating subsidies, and debt service payments, showing both the estimated amount and proposed source of these funds: Now, therefore, be it

Resolved, That the Fairfax County Board of Supervisors endorses H.R. 1792 which provides for federal funding for capital, operating and revenue bond associated costs in a manner consistent with the assumptions in the financial plan; and be it further

Resolved, That the Board of Supervisors supports the provision in H.R. 1792 which prescribes that the appropriation of federal capital funds shall be in addition to funds made available from sources such as the interstate highway program, the Urban Mass Transportation Act of 1964, the Federal Aid Highway Act of 1973; and be it further

Resolved, That the Board of Supervisors supports the provision in H.R. 1792 which prescribes additional and continued federal operating assistance, such assistance to be in addition to that provided pursuant to other federal laws; and be it further

Resolved, That with regard to Section 15(b)(2) and Section 15 (c)(2) which reference the payments to be made by local jurisdictions, Fairfax County's support of the arrangement for funding principal and interest on WMATA's revenue bonds does not imply that H.R. 1792, if it becomes federal law, obligates the County to a long term indebtedness since such indebtedness can be incurred only through authority obtained by an approved bond referendum; and be it further

Resolved, That the Board of Supervisors requests that the United States Senate and House of Representatives take appropriately prompt legislative action to achieve the federal financial participation envisioned in the financial analysis, and requested in this resolution.

A Copy Teste:

CATHERINE A. GRIBOH,
(for Ethel Wilcox Register),
Clerk to the Board.

Mr. STARK. Thank you very much. I hope that with your help and the help of your able representatives on this committee that we can conclude this to your satisfaction.

Ms. TRAVESKY. Thank you, and I would like to offer our assistance. If there are any technical questions that you would like to ask, we will be happy to answer them in writing.

Mr. STARK. Thank you very much.

Ms. TRAVESKY. Thank you.

Mr. STARK. The committee will stand recessed until 9:30 tomorrow morning.

[Whereupon, at 12:05 p.m., the Subcommittee on Metropolitan Affairs hearing recessed until 9:30 a.m., May 2, 1979.]

Digitized by Google

SUBCOMMITTEE HEARING ON H.R. 3634 AND H.R. 1792

TUESDAY, MAY 2, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON METROPOLITAN AFFAIRS,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:36 a.m., in room 1310, Longworth Building, Hon. Fortney H. (Pete) Stark (chairman of the subcommittee) presiding.

Present: Representatives Stark and Harris.

Also present: Rod W. Kuckro, subcommittee staff assistant; Elizabeth D. Lunsford, general counsel; James T. Clark, legislative counsel; Dietra Gerald, staff assistant; Harry M. Singleton, deputy minority counsel; and Barbara Norris-Chaves, minority research analyst.

Mr. STARK. The Subcommittee on Metropolitan Affairs of the House Committee on the District of Columbia will continue our hearings on H.R. 3634 and H.R. 1792.

We are honored to have to testify before us this morning Secretary Mortimer L. Downey, III, Assistant Secrety for Budget and Programs for the U.S. Department of Transportation.

Good morning, Mr. Downey. I think we have a copy of your prepared statement. You may read it, or we will include it in the record without objection, and you may proceed in any manner you wish. If you would like to identify the gentleman accompanying you, we may begin.

STATEMENT OF MORTIMER L. DOWNEY III, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, DOT

Mr. DOWNEY. Thank you, Mr. Chairman. I have with me Mr. John Taylor, who is the Associate Administrator for Transit Assistance of the Urban Mass Transit Administration. Since you have inserted my full statement for the record, I will summarize some of the highlights, skip over some of the history which I know you and Mr. Harris are well familiar with, which recounts the legislation and the various financial input that has led up to the current point.

[The prepared statement of Mortimer L. Downey III, Assistant Secretary for Budget and Programs, U.S. Department of Transportation, follows:

Digitized by Google

PREPARED STATEMENT OF MORTIMER L. DOWNEY III, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, U.S. DEPARTMENT OF TRANSPORTATION

Mr. Chairman and members of the subcommittee, I have been asked to appear before you today representing the Department of Transportation and the Urban Mass Transportation Administration to comment on H.R. 3634, a bill that would authorize funds for debt service, construction, and operating costs of the Washington Metro system.

BACKGROUND

First, let me provide a brief history of the relationship between Metro and the Federal Government. The National Capital Transportation Act of 1960 created a temporary National Capital Transportation Agency and authorized negotiation of an Interstate compact to deal with coordinated transit in the National Capital region. The National Capital Transportation Agency proposed a transit program that included construction of a regional rapid transit system.

In 1966, Congress enacted legislation approving the Washington Metropolitan Area Transit Regulation Compact through which the Washington Metropolitan Area Transit Authority (WMATA or Metro) was created.

FEDERAL FUNDING

Direct Federal funding for construction of the Metrorail system was authorized by Congress through legislation passed since 1965. The National Capital Transportation Acts of 1965, 1969, and 1972 provided approximately $1,147,000,000 of direct federal funds and authorized the sale of $1.2 billion in federally-guaranteed bonds for the system construction. A total of $997 million of those bonds were sold. Acquisition by Metro of the local private bus companies was also separately authorized by Congress through the National Capital Transit Act of 1972.

In addition to direct Congressional authorizations to Metro, the Authority has received over $1 billion under the Interstate transfer provisions of the Federal Aid Highway Act, as amended. Approximately $1.1 billion is still available to this region through that mechanism. However, as had become clear by 1976, existing Federal funding sources, including the Interstate transfer funds, will not support construction of the full 101-mile Metro system.

DOT COMMITMENT

Therefore, in 1976, the Congress, the Administration, and Metro decided that an alternatives analysis was necessary to determine whether the full system should be built. That analysis was completed in May, 1978, and reaffirmed the localities' desire to build the full system. On August 17, 1978, Metro submitted to the Department a financing proposal to accomplish the full-system goal.

Secretary of Transportation Adams responded immediately, announcing that the Administration agreed with the local governments' goal of completing the 101-mile Metro system. His announcement called upon Metro to develop a "Tier I" construction package that would result in segments that are contiguous to already funded segments, and are revenue producing. Tier I should also be able to be financed, on the Federal side, through available Interstate highway transfer entitlements. Additionally, Secretary Adams conditioned the Department's commitment to the full 101-mile system on the local jurisdictions' having a dedicated funding source for the capital improvements program, debt service on outstanding bonds, and operating deficits.

At the 15th Airlie Conference at Warrenton, Virginia on December 15, 1978, Secretary Adams reiterated the Administration's commitment to the 101-mile system and the Department's willingness to support the Metrorail program beyond exipriation of Interstate transfer entitlements, but only upon hard commitments by the local jurisdictions to meet their full funding responsibilities.

In February, 1979, the Administration informed WMATA that it should plan on a $275 million annual program level for fiscal year 1979 through fiscal year 1981. These conditions, including the $275 million annual program level, were reiterated in a recent letter from Deputy Secretary Butchman to Reverend Jerry Moore, Chairman of the WMATA Board of Directors, asking that Metro plan a construction program based on these requirements. A copy of that letter is submitted for the record.

The Department has sought to assist the jurisdictions to secure the dedicated funding sources. However, I am sure you are aware that efforts in the Virginia Legislature and the Maryland General Assembly failed earlier this year. The District of Columbia also has not identified a dedicated funding source for Metro.

Digitized by Google

The Department supports the imposition of a realistic deadline on the development and implementation of plans for establishing dedicated funding sources by the local jurisdictions. Metro is presently preparing schedules that will aid us in setting such a deadline. If these sources are not in place by the established deadline, federal support of the full system will have to be reexamined.

I would thus like to talk about the bills being considered today in this context of the need for joint Federal and local implementation of a realistic construction and funding program if the full system is to be built and operated.

As you know, the Surface Transportation Act of 1978, which authorizes UMTA's Section 3 capital program through 1983, did not contemplate any significant discretionary funds for Metro construction since funding was available through Interstate transfers. Some additional authorization would be necessary to complete a full 101-mile system. Last August, the Secretary indicated that Metro would be eligible to compete for Federal funds from UMTA's Section 3 discretionary capital program for fiscal year 1983 and beyond. The Department has reached no conclusion as to whether separate legislation for Metro would be preferable to inclusion of funds in a new national transit authorization.

FUNDING FOR OPERATIONS

In the context of the Federal-Metro relationship, I would also like to state that the Department does not support any federal contribution for operating expenses beyond the Section 5 program of the Urban Mass Transportation Act of 1964. Although the Metrorail system serves a number of Federal installations, the Washington, D.C., area benefits in many ways from the presence of the Federal Government, and the institutions it supports.

The Administration has consistently supported a higher Federal payment to the District of Columbia than Appropriations Committees have been willing to approve. In an indirect way, the Federal Government is already making a special contribution to Metro operations through its payment to the District of Columbia. The District alone covers almost one-half of Metro's operating deficit.

H.R. 3634

H.R. 3634 offers several attractive features, most notably the provisions of Section 17 that condition the Federal capital contribution on provision of local dedicated funding sources to meet the system operating deficit, and provision through Section 15 of a means for federal repayment of the agreed upon two-thirds share of WMATA bond service. However, its provisions for new authorization of funds for construction are premature at this time.

At the rate of $275 million per year, there are sufficient Interstate transfer funds to meet the Federal share of the Metro construction costs through at least fiscal year 1982. We will not know the cost of completing the 101 miles of Metro until we have reached agreement on what revenue producing segments are to be constructed with the $1.1 billion in Federal funds that are available, along with the schedule for their completion and operation. Last week we again asked WMATA to prepare a program for the use of these funds.

In order to move ahead with construction in the near term, we must conclude an agreement on the two-thirds Federal, one-third local sharing of WMATA bond interest and principal. This agreement must specify the means and the timetable for obtaining the full faith and credit assurances from the local governments on the one-third local bond service obligation. The agreement must provide a plan for establishment of a local sinking fund to cover one-third of the bond principal, and the parameters of any acceleration of the federal interest payment and an agreement for repayment of interest thereon.

In summary, it would be premature to authorize additional Federal funds for Metro construction until the Department and the local governments have agreed on:

1. The tier 1 construction program for use of Interstate transfer funds over the next four years;
2. The means by which local full faith and credit or other unconditional pledges will be obtained to assure payment of the local one-third of the bond interest and principal; and
3. Dedicated funding sources to be secured to meet the system operating deficits and the local match for capital construction.

H.R. 1792 AND H.R. 3634

Mr. Chairman, you have also asked us to compare H.R. 3634 and H.R. 1972. Both are bills that would aid the Metro system and deal with the bond payment issue.

Digitized by Google

Contributions for construction

H.R. 1792 proposes to authorize $1.7 billion beginning October 1, 1980. This amount, coupled with the remaining Interstate transfer funds, appear to provide more Federal funds than Metro believes to be required to accomplish either their Plan I or revised Plan II proposals. This would be true at the six percent escalation rate for construction costs assumed by WMATA, and even at eight percent.

H.R. 3634 authorizes $275 million per year for fiscal year 1982 through fiscal year 1987. This amount, coupled with the available Interstate transfer funds, also appears to overfund the system, based on our preliminary estimates for a $275 million per year plan.

As noted above, until the Department has reached an agreement with the localities on the operable segments that will be funded with the available Interstate transfer funding and agrees on a construction schedule, it is difficult to assess the appropriate funding schedule.

Payment of bonds

Both bills are similar on this issue and basically would be acceptable to the Department. We believe, however, that some further refinement is necessary so that local funding properly can be assured.

Operating expenses

Both bills are similar on this issue. The Administration does not support an Federal contribution for operating expenses beyond the approximately $26 million annually provided to Metro through the Section 5 program, and so opposes this feature of both bills.

That concludes my prepared testimony. I would be happy to respond to any questions you might have.

DOT COMMITMENT

Mr. DOWNEY. Picking up on page 2 with the current situation, the study that had been done, the alternatives analysis that had been completed at the request of the Department, and the reaffirmation last year of the localities desiring to build the full system, on August 17 of last year, Metro submitted to the Department a financing proposal that would accomplish that goal of an entire 100-mile system.

Secretary Adams responded immediately to that financing plan and announced that the administration agreed with the local governments' goal of completing the 101-mile system. In his announcement, he called on the local agencies to develop what we have named the "Tier I" construction package that would result in segments being built that would be contiguous to those that are already funded, and it would be revenue producing on the date that they were completed, and we would also hope that Tier I would be financed, at least on the Federal side, through available funds under the interstate transfer system.

Finally, in terms of that announcement, the Secretary conditioned the Department's commitment to the full system on the local jurisdictions' having a dedicated funding source in place for the capital improvement program for debt service on the outstanding bonds and for operating deficits to the system.

The Secretary's commitment was reaffirmed at the regional conference held at Airlie House on September 15, and we again expressed our willingness to support Metrorail beyond the point when interstate transfer funds were completed, but again, called on the local jurisdictions to meet their full funding responsibilities through solid commitments. In February of this year, the administration informed the Transit Agency that it should plan on a $275 million annual program level for the period fiscal 1979 through

Digitized by Google

1981. These conditions, including that annual program level, were reiterated in a recent letter from Deputy Secretary Butchman to Reverend Moore, Chairman of the Metro Board, and I have a copy of that letter which I would like to submit for your record.

Mr. STARK. Without objection, we will make it a part of the record.

[The above-referred-to letter follows:]

THE DEPUTY SECRETARY OF TRANSPORTATION,
Washington, D.C., April 24, 1979.

Rev. JERRY A. MOORE,
Chairman, Board of Directors, Washington Metropolitan Area Transit Authority, Washington, D.C.

DEAR REVEREND MOORE: I very much appreciated our recent opportunity to meet with you and others from the Authority to discuss our mutual concerns, as to how we may move forward with planning for the further construction of the Washington Metropolitan Area Transit Authority (WMATA) rail rapid transit system. In that meeting, we agreed to provide you with a summary of this Administration's position on Metro financing, and those documents which have shown our position with respect to the $275 million federal program level for fiscal year 1979.

As stated in our meeting, the present WMATA financing proposal presumes a construction pace requiring more Interstate funds than are available each year. Further, your proposal does not define a first tier construction program that:

(1) Is limited to the Interstate funds and does not presume the use of Section 3 discretionary capital funding for its accomplishment.

(2) Recognizes a maximum federal program level of $275 million for at least fiscal years 1979 and 1980, and

(3) Is comprised of contiguous segments that are each funded to full operations, including the necessary complement of cars.

Finally, the proposal does not make clear how the one-third local sharing of the Authority's bonded indebtedness will be both legally and financially undergirded with full faith and credit assurances from the funding parties. Such assurances are a must—without them we have no real agreement.

In order to move ahead with Interstate transfer grant approvals in the remaining months of fiscal year 1979 and federal assistance for the July 1 interest payment, we must know how the full faith and credit assurances on the one-third local bond service obligation. are being obtained and when they will be in hand. We must also reach agreement on a plan for establishment of a sinking fund to cover one-third of the bond principal and for accelerated federal interest payments and repayment of interest thereon.

We again urge you to develop and submit to the Department of Transportation as soon as possible a proposed first tier construction program which meets the criteria stated above. It can propose a program of one to four funding years at the federal funding level of $275 million per year, after which we expect the available Interstate funds to be exhausted. We will review your fiscal year 1979 and subsequent year construction grants within the framework of that proposal.

I have enclosed several documents describing the development of our budgetary requests for the national Interstate transfer program, indicating first, the fact that the program has been managed on a "program level" or obligations basis, rather than in terms of new budget authority; and second, that we had contemplated generally that $275 million would be the maximum Metro element in that program. This was confirmed in the Office of Management and Budget's letter to you of February 2, 1979.

We are prepared to meet with you again at the earliest opportunity to seek agreement on these issues. If you are able to reach local agreement on a full Tier 1, we can then begin discussing with you the means by which funding beyond the Interstate transfers can be authorized.

Sincerely,

ALAN BUTCHMAN.

Enclosure.

CHRONOLOGY OF $275 MILLION FOR METRO FOR FISCAL YEAR 1979

Fiscal year 1979 budget request: It should be noted that the use of "Activity" and "Substitute Project Approvals" are indication of overall program level inclusive of any carryover amounts.

Digitized by Google

$400 million Interstate Transfer transit projects not including Metro;
$675 million in DOT legislative proposal; and
$275 million implied for Metro.

UMTA testimony to Senate Appropriations, indicating estimate of Metro needs at $275M.

August 17, 1979—Secretary Adams statement on Metro: DOT prepared to submit $275M fiscal year 1979 supplemental for Metro.

October to November 1978 $275M supplemental not needed because—
STAA of 1978 continued the use of Contract Authority for Interstate Transfer projects;
Carryover of fiscal year 1978 appropriations of BA of $255.6M; and
Carryover of "no-year" contract authority of $958M.

January 31, 1979—Deferral request sent to Congress, providing for a $700 million program level in fiscal year 1979.

February 2, 1979—Allowance letter from OMB to WMATA: OMB advised WMATA to plan for $275M program level per year through fiscal year 1981.

ACTIVITY IX. INTERSTATE TRANSFER GRANTS, FISCAL YEAR 1979, $500,000,000

Comparative summary of activity

[Dollars in thousands]

Fiscal year:	
1976, transition quarter and prior	$679,777
1977 actual	409,448
1978 estimate	789,000
1979 estimate	500,000

Under the provisions of the Federal-Aid Highway Act of 1973, Section 103(e)(4) of Title 23, United States Code, was amended to allow State and local officials to withdraw a planned Interstate Highway segment, and to undertake a substitute transit project. The Federal-Aid Highway Act of 1976 further amended Section 103(e)(4) to make non-Interstate highway projects (as well as busways and buslanes) eligible for substitute projects; to allow the amount made available for substitute projects to reflect inflationary trends up to the date substitute projects are approved; to provide for the proportional reduction of Interstate apportionments at the date of withdrawal; to make Interstate segments which connect urbanized areas within the same State eligible for withdrawal and substitution, and to make these provisions retroactive to the date the 1973 Act was enacted.

The effects of the new Interstate substitution provisions in the 1976 Highway Act are not yet wholly predictable. However, they do provide greater flexibility that now exists in the range of eligible substitute projects, and increase the amounts available for substitute projects, thereby enhancing the attractiveness of the Interstate transfer mechanism. For example: Prior to enactment of the 1976 Highway Act, the Boston area had withdrawn Interstate segments which made available approximately $600 million for substitute transit projects. The new provision made over $1 billion available to the Boston area as of September 30, 1977.

UMTA is programming $500 million to support Interstate transfer substitute mass transit and highway projects. These funds will be used to support ongoing, and initiate new substitute transit and highway projects for areas which have withdrawn or are anticipated to withdraw non-essential Interstate routes or segments. This amount does not include any funding for the Washington, D.C. Metro rail system. Funding for fiscal year 1979 is being suspended pending the completion of alternatives analysis studies for certain proposed rapid transit corridors and the development of a regional financing plan.

UMTA has relied on the Federal Highway Administration (FHWA) in the estimation of substitute highway project needs and approval timetables. The substitute highway project estimates appear as a separate table in this presentation.

Table I indicates the status of authority created by Interstate withdrawals through the end of fiscal year 1977 under the 1973 and 1976 Highway Acts. The first part of the table identifies by city the amount of contract authority created by Interstate withdrawals approved prior to the enactment of the 1976 Federal-Aid Highway Act (May 5, 1976), and the amount of additional appropriations authority made available to those cities under the provisions of the 1976 Act. The second part of the table identifies by city the amount of appropriations authority created by Interstate withdrawals approved after the enactment of the 1976 Act. Available appropriations authority is based on the latest Interstate Cost Estimate, escalated to September 30, 1977.

Digitized by Google

TABLE [illegible]

Dollars in millions

Location	Contract authority	Appropriations authority	Total authority
e-1976 act withdrawals:			
Boston, Mass.	$967.3	$52.0	$1,019.3
Philadelphia, Pa.	238.3	12.0	250.0
District of Columbia suburbs, Maryland	80.0	29.3	109.3
District of Columbia			
(first stage)	286.6	112.8	399.4
Hartford, Conn.	190.0	78.2	268.2
Portland, Oreg.	179.0	27.0	206.0
Subtotal	1,940.6	311.3	2,251.9
st-1976 act withdrawals:			
District of Columbia			
(second stage)	.....	425.1	425.1
Tucson, Ariz.	.....	40.0	40.0
Chicago, Ill.	.....	480.0	480.0
Salem, Oreg.	.....	34.4	34.4
Denver, Colo.	.....	169.7	169.7
Subtotal	.....	1,149.2	1,149.2
Total	$1,940.6	$1,460.5	$3,401.1

[illegible] As of Sept. 30, 1977.

Table II identifies Interstate withdrawal approvals anticipated in fiscal year 1978 nd fiscal year 1979 under the provisions of 23 U.S.C. 103(e)(4).

TABLE II.—ANTICIPATED WITHDRAWALS

[Dollars in millions, as of Sept 30, 1977]

Location	Fiscal year 1978	Fiscal year 1979	Total
strict of Columbia	$536.5	$306.1	$842.6
ltimore, Md.	.....	183.4	183.4
rthern Va.	37.7	.....	37.7
nneapolis, Minn.	75.4	.....	75.4
bany, N.Y.	37.3	.....	37.3
known	.....	300	300
Total	$686.9	$789.5	$1,476.4

Table III identifies actual and estimated Interstate transfer substitute program vels through the budget year. The fiscal year 1979 estimate does not include any nding for the Washington, D.C. Metro rail system, which is being suspended ending the outcome of ongoing alternatives analysis studies and the development a regional financing plan. Actual experience and estimates are shown in current thority (for withdrawals approved prior to the enactment of the 1976 Highway ct) and appropriations authority (for escalation on pre-'76 Act withdrawals and for l post-1976 Act withdrawals), and are segmented to indicate program levels administered by UMTA and those by FHWA.

Digitized by Google

TABLE III.—INTERSTATE TRANSFER SUBSTITUTE PROJECT APPROVALS

[Dollars in millions]

	Fiscal year—				
	1976, T.Q. and prior	1977 actual	1978 estimate	1979 estimate	Total
Contract authority:					
Transit projects	$567.2	$113.1	$323.0	$279.8	$1,283.1
Highway projects	.....	3.5	27.0	20.2	50.7
Subtotal	567.2	116.6	350.0	300.0	1,333.8
Appropriations authority:					
Transit projects	112.5	292.8	322.0	120.2	847.5
Highway projects	.....	.....	117.0	79.8	196.8
Subtotal	112.5	292.8	439.0	200.0	1,044.3
Total	679.7	409.4	789.0	500.0	2,378.1

SENATE APPROPRIATIONS HEARINGS, FISCAL YEAR 1979 BUDGET

WASHINGTON METRO

Senator BAYH. Without objection, we will ask that that happen.

There are several things—the whole budget is important—there are some things that perhaps I have been more closely involved, and the committee has been more closely involved with, that I would like to touch on in person.

We have been having a rather long battle with the Washington Metro system. I suppose I have been involved in that since I got here. One of the important features for being able to finish that system or complete it as rapidly as possible is the transfer of interstate funds. Application to do this has been made by the District, and they have been subjected to rather extensive analysis or required to come up with a rather extensive analysis, yet, I see that similar requests on the part of Chicago and Detroit appear and I say "appear" to have been granted without any analysis.

Now, I don't want my remarks to be critical of the applications of Chicago and Detroit. I firmly believe that these decisions as to how these moneys are going to be spent ought to have a strong local emphasis, as to why the local officials feel these dollars can best be utilized to provide transportation for the people that live in these areas. I don't feel qualified to sit here and in Detroit, I assume the leadership knows what is best to do, but it seems to me we are establishing two rules, the most restrictive of which is applied for the Metro transportation system in the District of Columbia. If that is indeed the case, let me say it would not be the first time, but tell me what we can do about that. I am anxious to get this system expanded and finished as quickly as we can. We want to keep the cost down. When one looks at the history of this project and looks at those who, for various reasons, most all of whom are well intentioned, I am sure, there has been just a continued effort on the part of people to make life difficult for the Metro system, and one of the reasons we are having the tremendous escalated costs right now, we are in a very tough construction market, and if we hadn't had all of these delays, we would have had the track laid.

Mr. PAGE. Mr. Chairman, I appreciate the question and I hope that neither I nor UMTA are part of the problem because we are supportive of the Washington Metro system.

I know the Secretary of Transportation, as well as the UMTA staff want that system to continue to expand and want it to succeed. First, a comment about the other cities. We are applying the same rule in Detroit as we are applying here. Detroit received "commitments in principle" from the previous administration. It was for a total of $600 million for a "to be defined" package of improvements. We are requiring them to go through probably a more exhaustive analysis than is being done in Washington, D.C. To date we have not approved a nickel out of the $600 million, because we do not, as yet, have an alternatives analysis or a financial plan or schedule of events for any specific project in Detroit.

Digitized by Google

In Chicago, there was a planning process that led to a city decision to put the elevated subway line under ground, and for that the city and the State believe that interstate transfer funds, would be devoted to do that. There was not a thorough or lengthy alternatives analysis because that decision was made before the beginning of the alternatives analysis process. We do think there is a city and State planning process, and a commitment for that decision in Chicago, however we are insisting that our other normal rules—full fledged environmental impact statement, and other procedures that we require, be required before the approval of large grant funds for either the Franklin Street or Monroe Street portions of that subway in Chicago.

Now, with respect to Washington Metro, there was some $275 million appropriated by the Congress for this fiscal year. That money and previous funds are being spent. Construction is underway. I am not aware that any construction projects are being held up in the District of Columbia or on the Washington Metro System because of the alternatives analysis process. In other words, there is plenty of money that has been made available by the Congress and DOT to keep that program going. The alternatives analysis which the local officials objected to when we proposed that two lines be subjected to analysis—they added two other lines to that, that process has been very thorough. The local officials have told me while it has been painful and they don't like it, basically, that process is going to help build a new consensus in this region as to which lines to build and how they are going to be paid for. They have about completed the alternatives analysis. We have asked them then, to prepare a financial plan showing how the segments would be paid for, both capital and operating, and also address the question of paying off the bonds, all of which is to say by the end of August of this year, and hopefully sooner, we will be in receipt of a completed alternative analysis, a financial plan, and the Administration then intends to come to the Congress with recommendations for fiscal 1979 for the Washington Metro System. We do not have any money in our proposed budget for fiscal 1979 for Metro because we didn't know what amount of money to put in. We have allowed to show in our legislation bill, S. 2441, approximately $275 million for fiscal 1979, on the assumption that it is our best guess today that that is about the amount of money that Washington Metro could use in fiscal 1979 if we all agree on that financial plan this year. I think that Washington Metro may be thinking now they could spend $525 million in fiscal 1979, and my answer to you today is I don't know what that is based on. We need to have that financial plan completed, and take a look at it.

Senator BAYH. I think you just pointed out there isn't a dollar in there for that kind of construction in that budget that you are now testifying for. Isn't that correct?

Mr. PAGE. That is correct.

SUPPLEMENTAL FOR METRO

Senator BAYH. That means we have to come along here in supplemental fashion to get money into the 1979 budget, and the Mayor has asked for transfer of about $400 million already that has been appropriated. Everything is set for this analysis and we approved it. The same process really that I recall was used for those other two projects.

U.S. DEPARTMENT OF TRANSPORTATION, NEWS: OFFICE OF PUBLIC AFFAIRS, WASHINGTON, D.C., THURSDAY, AUGUST 17, 1978

Secretary of Transportation Brock Adams said today he favors a 100-mile Metrorail system for Washington, D.C. But he noted that $5 billion has been committed or is available to the subway system and the next major stages of construction should be:

(1) "Usable and contiguous" to the lines now in operation; and
(2) Financed through the use of interstate transfer money and local matching funds.

Commenting on the financial plan presented earlier today to the Washington Metropolitan Area Transit Authority board, Adams noted that the "alternatives analysis" procedure for future Metro routes is now finished.

"We agree with the goal of completing a 100-mile system over the next several years," the Secretary stated.

"We are pleased with the serious effort shown by WMATA to determine its financial needs for completing the total system. Its financial plan provides a basis for local, state and federal agencies to comment and develop specific financing programs."

Digitized by Google

He added that the Department of Transportation was prepared to support a supplemental appropriation request of $275 million for fiscal 1979 as our first commitment beyond the presently funded 60-mile system.

Adams said that of the two financing plans released this morning by Metro, the department favors Plan II over Plan I as providing a more realistic schedule for funds and construction.

Both plans call for completion of Metrorail construction in fiscal year 1986. Plan I has a significantly higher level of federal funding through 1982 than in subsequent years while Plan II sets more even levels of federal spending through the construction period.

WMATA's Plan II calls for the remaining Metrorail construction to be divided into two phases or tiers. The first tier would cost approximately $1.4 billion or about $200 million over currently available federal, state and local funding. The second tier would complete the 100-mile system.

Adams said he supports a first tier construction program "provided it can be financed through the use of interstate transfer funds and provided the segments to be built are usable and contiguous.

"Available interstate transfer resources, together with local matching funds, will finance slightly more than $1 billion in construction and represents our good faith commitment toward the 100-mile system," Adams said.

He added that over the next several months the department will provide detailed comments on the financial plan.

As for funding beyond the interstate transfer account, the Secretary noted that for fiscal years 1983 and beyond, Metro will be eligible for federal funds under normal procedures from the Urban Mass Transportation Administration's (UMTA) Section 3 program on the basis of 80 percent federal and 20 percent state and local matching funding.

"Metro's ability to compete for Section 3 funds will be greatly enhanced if collectively the local and state governments can establish a regional tax or some source of dedicated revenue to provide local capital, operating and debt service funds," the Secretary added.

The UMTA Section 3 program provides grants to cities for capital construction of mass transit systems. Several cities, including Miami, Atlanta and Baltimore, have received federal aid under this program.

Adams cited one area of disagreement in the Metro funding proposals. "We do not agree with the 80-20 matching ratio on the debt service of Metro's revenue bonds," he said. The debt service includes both the principal and interest payments due on the bonds. Under Metro's plan, the federal share in fiscal 1980 would be $46 million and would reach $101 million by the year 2015.

Adams added that while not agreeing with the 80-20 split on debt service, "we are willing to negotiate a new agreement with Metro."

FEBRUARY 2, 1979.

Rev. JERRY A. MOORE, Jr.,
Acting Chairman, Washington Metropolitan Area Transit Authority,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter notifies you of the budget allowances and significant policy determinations applicable to your agency. The President has approved for your agency budget authority for 1979 and 1980 as shown on page 494 of the 1980 Budget.

Review of the budget requests of all executive branch agencies has been conditioned by the need to help stem inflationary pressures by moderating the Federal Government's expansionary impact on the economy. It is the President's objective that the budget will help bring inflation under control and, at the same time, provide resources to maintain a strong national defense, to assist the disadvantaged and needy, to improve the environment, to implement recently passed energy legislation, and to sustain growth in the overall economy.

Last year, the President directed that all significant program and tax policy proposals be discussed and evaluated in the context of a three-year planning period. Accordingly, estimates of budget authority and related outlays for 1981-1983 are set forth in Enclosure A.

The budget authority for the years 1979-1982 represents the amounts within which you should plan your program. No deviations should take place unless approved by the President or unless the budget authority amounts are required to be changed because of circumstances beyond your control.

Digitized by Google

In preparing the 1980 Budget, we recognized the expressed concern of some agencies that budget guidance furnished upon completion of the annual Spring Review is sometimes too late for program planning. The budget authority for the years 1981 and 1982 determined during preparation of the 1980 Budget constitute your guidance. The budget authority for 1983 should be viewed as tentative, to be reviewed and confirmed or amended during the Spring Review process.

The outlay amounts shown for all years are not targets or ceilings; they are estimates of the most probable spending that can be expected to result from the program levels approved by the President. You should continue to place emphasis on improving the accuracy of your agency's outlay estimating techniques. We ask that your outlay estimates be reviewed each month in the light of actual spending to date and that this Office be informed whenever it appears that the estimates should be revised.

SIGNIFICANT POLICY DETERMINATIONS/RELATIONSHIPS

The budget for the Department of Transportation provides for a program level for the Interstate transfer program totalling $700 million in 1979 and 1980, and $725 million in 1981. Up to $275 million of those funds in each year have been identified for the WMATA construction program, subject to satisfactory progress by this metropolitan area toward establishing a permanent and reliable source of local non-farebox funds to cover operating deficits and debt service in the coming decades.

The 1979 and 1980 budget requests contain funds for the Federal two-thirds share of the debt service on the Authority's federally-guaranteed bonds. It is our expectation that WMATA and the local jurisdictions will quickly establish a sinking fund and fully and expeditiously meet one third of the debt service costs. We request that the Authority make a good faith effort in negotiating with the Department of Transportation concerning appropriate sharing arrangements on the upcoming interest payments due in the coming months.

This letter also advises you that the Federal Government does not intend to consider any special operating subsidies for WMATA as discussed in the General Manager's letter of September 1, 1978. Existing formula grant programs of DOT are a sufficient Federal resource for transit operating subsidies in this metropolitan area. This letter will also advise you that while this Office still has the matter of whether to establish fees for Federal employee parking facilities under active review, we have rejected the suggestion that the revenues from such fees, if instituted, should be used for transit subsidies in this metropolitan area. Such an action would constitute, in effect, a tax on a narrow segment of the population.

Enactment of the President's budget as proposed is an important part of his anti-inflation program. We hope to work closely with you to accomplish that end.

Your cooperation in preparing the 1980 Budget is much appreciated.

Sincerely,

JOHN D. WHITE.

Enclosure.

MULTIYEAR PLANNING ESTIMATES

[Dollars in millions]

	1981	1982	1983
Interest payments:			
Budget authority	51.6	51.6	51.6
Outlays	51.6	51.6	51.6
Construction[1]	.....	.....	.....

[1] The budget for the Department of Transportation contains up to $275 million for Metro construction in fiscal 1981 through the use of Interstate transfer funds. At current rates of withdrawal and use, Interstate transfer funds for Metro may be exhausted during fiscal 1982 depending upon escalation factors applied to highway cost estimates. Amounts available for Metro construction from UMTA discretionary grants in fiscal 1983 will be determined by the Department of Transportation after reviewing construction grant applications from the Authority and from other cities.

DEDICATED FUNDING SOURCES

Mr. DOWNEY. The Department has sought to assist the jurisdictions to secure these revenue sources. The Secretary went to Annapolis and also has had discussions with people in Virginia, but I am sure you are aware that efforts this year in both of th e States

Digitized by Google

were not successful. We support the imposition of a realistic deadline on the development and implementation of plans for establishing dedicated funding sources by the local jurisdictions, and Metro is presently preparing information for us that would aid in setting such a deadline. If assured revenue sources are not in place by an established deadline, we would have to reexamine the Federal support of the full system. I would like in this context to talk about the bills that your subcommittee is considering today in the context of the need for joint Federal and local implementation for a realistic construction and funding program.

As you know, the Surface Transportation Act of 1978, which authorizes our Urban Mass Transit Administration capital program through 1983, did not contemplate significant funds for Metro construction from section 3, because substantial funding was available through interstate transfers during that time period, but we recognize that some additional authorizations would be necessary to complete a full 101-mile system. Last August, the Secretary indicated that Metro would be eligible to compete for Federal funds from UMTA's section 3 discretionary capital program for the period beyond the interstate tranfer; however, the Department has reached no final conclusion as to whether separate legislation for Metro, as proposed in this committee, or the use of section 3 would be preferable as to whether legislation should be unique to Metro or whether the funds should be included in a new national transit authorization.

FEDERAL FUNDING

In the context of the Federal-local relationship, I would like to say that the Department does not support any Federal contribution for operating expenses beyond those available through the section 5 program of the Urban Mass Transit Administration. Although the Metrorail system serves a number of Federal installations, the Washington area, our view benefits in many ways from the presence of the Federal Government and from the institutions it supports.

In that regard, the administration has consistently supported a higher level of Federal payment to the District than has been provided by the Congress, and this is one way in which we can indirectly provide support for Metro. The bills before us, particularly H.R. 3634, offer a number of attractive features, most notably the provisions of section 17 that would condition Federal capital contributions on the provision of locally dedicated funding sources to meet the system operating deficit and the provision through section 15 of a means for Federal repayment, joint repayment of the bond interest with the Federal Government picking up two-thirds of the cost of that. However, we feel it may be premature at this time to provide new authorizations of funds for construction. At the rate of $275 million a year, there are sufficient interstate transfer funds to meet the Federal share of Metro construction costs through at least fiscal year 1982. We will not know the cost of completing 101 miles of Metro until we have reached agreement on

at revenue-producing segments are to be constructed within the
1 lion Federal funds that are available and until we know the

Digitized by Google

schedule for their completion and their operation, and thus see what the balance of the system would consist of and what an optimum, both financially and engineering, construction schedule would be.

Last week, we again asked Metro to provide for us a program for use of the $1.1 billion of funds that are available.

Mr. STARK. If I might interrupt at this point, Mr. Downey, regardless of whatever the design happens to be, we are still talking about a total amount of $1.7 billion, are we not, so even if they design it to loop the loop and go through underwater falls and have all kinds of whirligigs and piped in music, we are still only going to talk about $1.7 billion, and the real question is how fast that gets spent, is that not correct?

Mr. DOWNEY. Give or take $1 billion or rather $100 million or so.

Mr. STARK. It is kind of a fixed amount so that while the design thing is critical to getting it built efficiently, it "ain't" going to change the amount of money the Federal Government——

Mr. DOWNEY. Certainly within $100 million or so, the overall total is fixed. The issue is how it would spread out over time. In order to move ahead with construction in the near term, we almost must conclude an agreement on the two-thirds Federal/one-third local sharing of Metro bond interests and principal. This agreement should specify the means and the timetable for obtaining full faith and credit assurances from the local governments on their one-third local bond service obligation agreement, the agreement must also provide a claim for an establishment of a local sinking fund to cover one-third of the bond principal and the parameters of any acceleration of the Federal interest payment and an agreement for repayment with interest of any advances that might be part of that agreement.

In summary, it would be premature to authorize additional Federal funds for Metro construction until the Department and the local governments have agreed upon, first, the tier I construction program over the next 4 years and what it will by; second, the means by which local full faith and credit or other unconditional pledges will be obtained to assure payment of the local one-third of the bond interest and principal; and, third, dedicated funding sources to be secured to meet the system operating deficits and the local match for capital construction.

Now, Mr. Chairman, you have also asked us in our testimony to compare and discuss in detail two bills, H.R. 3634 and H.R. 1792, both of which would aid the Metro system and deal with the bond payment issue, and in my prepared testimony, we have some comments on the specific nature of those, but they basically follow the general testimony that I have given. At this point, I would be pleased to answer any questions you may have.

LEGISLATION PROPOSED

Mr. STARK. Thanks. We are getting some copies of your testimony. I wanted to talk more about this question. You said you really do not feel that legislation is necessary for an authorization. I do not know how strenuously you plan to object if we do authorize, but I would like to indicate to you what I think the reasons are.

Digitized by Google

Rather than a chicken and egg, we are in a dollars and design. Do the dollars come first, and do they design under the dollars, or does the design come first, and you follow it with the dollars. I think you testified in response to my question. We are not going to change the dollars very much; $1 million is a lot of money, but we know how much is there. Now, we are asking the two States to dedicate a source of taxes. It would seem to me that what the authorization does at this point is it spells out a timetable for spending that money, and, as you and I have discussed outside of this room, some kind of guidelines that your office can live with and the Appropriations Committee can live with and we can live with and Metro can live with, are necessary which act as a statement, if you will, by the Federal Government that here is that $1.7 billion, and here is an approximate manner in which it will be dispersed. It will probably be a limitation, quite frankly, as I think you and I will agree, so given that background where we are asking these people to commit a dedicated source of revenue, I think we have to give them a schedule. We have to say, "Hey, you have to be prepared to provide not more than these many dollars over the next 6 or 7 years."

With that in mind, how strongly would you object if we do authorize a bill where we could agree on the amounts, let us say, and agree on the dedication in terms of the other things?

Mr. DOWNEY. Well, as you state, Mr. Chairman, it is a chicken and egg situation. I am not sure whether we are the chicken or the egg, but the issues we are trying to resolve, we are working every day with Metro and with the local jurisdictions. If we could reach agreement on this, we see a real possibility that that could be done in a short time, and then I do not think—I think those are the stumbling blocks for us in that negotiation. We recognize that there will be a need beyond currently available funds to finance the completion. We want to work with you on what the most appropriate way to do that is, and we recognize it will be the annual appropriations process based on actual design that will determine the exact source of money, so I think there may be, if not a point now at which we can be supportive, a point at a later date where we could be.

INTERSTATE TRANSFER FUNDS

Mr. STARK. Can you tell us what amount of interstate transfer funds available from Metro are in fiscal 1981 and 1982?

Mr. DOWNEY. We are currently planning or currently looking in our long-range budget projections at continuing the $275 million annual rate; however, what we had put on the table in our discussions with the locals is a proposition that they define the total construction package to be put together with that roughly $1.1 billion of interstate transfer funds.

Mr. STARK. There is about $1.1 billion?

Mr. DOWNEY. Yes. How they would see it most effectively used, including car purchases to run on the lines, then, of course, what we are asking is that at the end of that, we have lines that we could put in service. We are anxious to see service put in place to the greatest degree possible with this investment so that the $275

Digitized by Google

million a year could wind up being a little more here and a little less there depending upon the scheduling. We are flexible on that. There is also the issues, the $1.1 billion is an estimate of available funds based on certain assumptions as to the inflation rate. That money escalates with the highway cost index, so it could change depending on things.

We certainly do not hope for more than 6 percent inflation. If there is more than that, the amount of funds available will increase.

Mr. STARK. Thank you. You are familiar with what has been discussed several times in our hearings yesterday as the curved rate of distribution rather than a flat $275 million a year, some rate of distribution that is tied actually to an engineering decision and not a political decision. Under the assumption that it might run somewhere, as we discussed in the hearings yesterday, of $100 million, 1982; then $350, the $375 for a couple of years, then 3¼ and then $175, if I round those figures and just say it would be $100, $300, $300 and $200 millions perhaps write in a limitation in the bill rather than saying $275 a year and specify an aggregate amount each year not to exceed—in other words, not to exceed $100 million in 1982, $400 million in 1983, $700 million in 1984, $900 million in 1985, and, therefore, give Metro the flexibility to hold back in a year if they do not have some design and catch up the following year. Does your Department see any objection to—if there is a bill that we can agree to—that type of authorization?

Mr. DOWNEY. I think that type of authorization would give Metro the engineering flexibility, and, if necessary and if appropriate, between the Congress and ourselves or whoever is the administration at that time some financial flexibility.

Mr. STARK. Do you have any insight on what the administration might be at that time?

Mr. DOWNEY. 1984 is certainly—I am not looking to.

DEDICATED SOURCE FUNDS

Mr. STARK. Could we go to the dedicated source of local funds question for a moment? Both of the Governors of Virginia and Maryland have indicated some reservation about a, quote, "dedicated tax," unquote. We have suggested in our bill, that you be supplied a plan, and it certainly means to me that that does not mean that if the plan is not there on the 11th hour of the 30th day, you are going to stop all construction, or if one State does and the other does not, but I wonder if you have given any thought to a definition of dedicated source and how much flexibility you would see recognizing the problems of State legislatures meeting schedules, much as we have here? Do you want to comment on that and what your Department might consider adequate dedication?

Mr. DOWNEY. In terms of particularly the short run and the way we have expressed it in the past—I have been asked this question by the Appropriations Committee this year—over the next year or two what we are looking at is use of the interstate transfer money and capital and some arrangement on the bonds as the local agencies and States work toward. We hope to see progress. We hope to see more progress than we have seen this year, but I think some of

Digitized by Google

the groundwork was laid. In the long run, I think the same policy statement would apply here that we have applied nationally, and I would like to quote that. This is our policy statement or major urban transportation investments in which we say:

> The Department will require localities to develop realistic estimates of future operating expenses and identify and reach a local concensus on the specific means of funding these expenses. In particular, the Department will require, as a condition of federal capital assistance, the development of a stable and reliable source of local revenue to cover operating deficits.

Now we do not want to prescribe that it must be a sales tax.

Mr. STARK. How would you ever apply that in California?

Mr. DOWNEY. Excuse me?

Mr. STARK. How would you ever apply that in California? Stable and reliable force does not exist.

Mr. DOWNEY. Right. Conditions can change. We thought—for example the SB-325 money in California was fairly stable and reliable, and it has turned out to be more reliable than a property tax, but not enough to assure all those systems of keeping money, but we are looking for—again, we cannot go in nor should we go in to the local jurisdictions or the State and say, "It must be this type of a tax," or it must be solely and completely dedicated to Metro. I am sure that no jurisdiction wants to delegate their taxing power to the Metro board. What we want to see is that there is a revenue source, that it is available.

Mr. STARK. Can I ask you some hypotheticals?

Mr. DOWNEY. Sure.

Mr. STARK. Let us say, without really trying to suggest any State, because I am not that familiar with it, but let us say that one of the two States involved, the State legislature says a local county may raise its sales tax locally and dedicate that amount and the county indicates that through a vote of its board of supervisors, if that is what they are called, that they intend to do that. Would you consider that a concensus and a stable—if you thought the estimates were valid and the revenue estimates were valid, would that be something that would satisfy you?

Mr. DOWNEY. I think that is an expression of intent. That would satisfy it. We would want to see them do it in the next year or two.

Mr. STARK. Statewide though, if the State legislature said that it shall be illegal for any local county or city to do this, and you found that the county consistently voted against doing it, that, I assume, would not meet your criteria?

Mr. DOWNEY. That, in our view, would continue to perpetuate the present situation where the general manager and the board pass the hat each year, you know. It is the furthest we can see from dedication.

Mr. STARK. It is my understanding that within the area now there have been some communities which have refused to pay their share.

Mr. DOWNEY. Within the overall community, certain of the smaller—one of the smaller communities, Fairfax City, at one point said, "We are not going to pay any more, take your buses out," and it is a little hard to do that. Certainly, if one of the larger jurisdictions were to adopt through some future government that approach, it would wreck the entire system.

Digitized by Google

1980 DEADLINE

Mr. STARK. The date we have used, September 30, 1980, to submit a plan to your Department, would that be an acceptable date as far as your Department is concerned?

Mr. DOWNEY. That would cover fiscal 1979 and 1980 on the bonds. It would strike us about in the middle of fiscal 1981 and 1982 budget cycle. I think that would be a reasonable time.

Mr. STARK. Thank you. Mr. Harris, do you have any inquiries of the Secretary?

Mr. HARRIS. I appreciate your testimony. I would like to be certain that we are, at least, starting from the same position. Does the Department support the 101-mile system as a matter of policy?

DOT SUPPORTS 101-MILE SYSTEM

Mr. DOWNEY. As a matter of policy. We feel the regional or the national goal is to complete that system.

Mr. HARRIS. And it does not have any problem with the ARS as it presently exists?

Mr. DOWNEY. In terms of alinement, no. There may be some design issues that we would want to examine, but not in terms of basic alinement.

Mr. HARRIS. Well, sure, as far as where it is going and how it goes there, the ARS is approved.

Mr. DOWNEY. Up to the 101 miles, it is approved.

Mr. HARRIS. I am talking about the ARS now. I am not talking about anything else.

Mr. DOWNEY. Right.

Mr. HARRIS. Well, this is what leaves me just a little bit confused. If we are in agreement that we should complete the system and if we are in agreement with what the system should be, why do you feel like it is premature to set down some sort of definite Federal policy that localities can gear to with respect to financing?

Mr. DOWNEY. I think it is basically a feeling that the $1.1 billion that is available gives us enough momentum to reach an interim agreement, and we want to get the best kind of final agreement we can with respect to the Federal Government and the local agencies.

Mr. HARRIS. Well, other than just bargaining from that position, there is nothing premature about setting down the policy. In 1952 we decided to have a transit system, and in 1969, we decided to build it, and we decided in 1978 to review it and so forth. Just as a matter of principle, if we could sit down today or next month or what have you and come out with a resolution of differences, there would be nothing premature at that point to doing it.

Mr. DOWNEY. All of the differences that I have enumerated, if they were all resolved, and we were sure that this would indeed, to the best of our knowledge now, complete the system, one way or another, we would be supportive. I said we have not reached a conclusion as to separate legislation versus folding it into the national program, but those are two ways to go at it.

Mr. HARRIS. I did not have a copy of your statement as you were reading it. Basically the Department recognizes some of the unique features as far as the Metro is concerned, does it not?

Digitized by Google

Mr. DOWNEY. Yes, sir. It is very unique for us to have put $2 billion into any transit system let alone what we intend to do with this one over the future, so it is our best customer.

Mr. STARK. Will the gentleman yield?

Mr. HARRIS. Yes, Mr. Chairman.

OPERATING SUBSIDY

Mr. STARK. At this point, I would like to follow up a little bit on the operating subsidy. In your statement, you suggested the area already does benefit from the presence of the Federal Government, and then you go on to say that the administration has consistently supported a higher Federal payment to the District than the Appropriations Committee has been willing to approve. Now, would it be a proper assumption to say that the administration has supported that higher payment recognizing the burden of the Metro deficit?

Mr. DOWNEY. No; I think, as I understand it—and it is not really in my area of expertise, but I understand it is a recognition of Federal responsibility as a property owner in the District to meet a whole variety of services.

Mr. STARK. Then I think you have to look at this. When Metro was added, I think all administrations have to agree that there was an additional service burden put on the District, and as a property owner, just as we are asking the people in Virginia and Maryland, we, as the Federal Government, have to expect to pay a little more, a little more sales tax, as a percentage. Would that be fair?

Mr. DOWNEY. Yes.

Mr. STARK. We are asking Alameda County to pay 6½ percent instead of 5½, because they have got to support BART. We are asking Virginia and Maryland in some way to come up a little higher. The facts are that for 20 years, the Federal payment has fluctuated between 18 and 20 percent of this District's budget; it has never increased. Now there is a whole host of reasons for that, but the point is that we have never really increased the Federal payment to take into account a rather large change. I mean this goes beyond garbage collection and police and fire and all the social problems and the school systems—we have added a public transportation element which is a rather substantial part.

The District pays half out of their budget now, and by way of being a little bit argumentative and also by way of explaining why I think I can justify this, because I really have to go on the floor and argue, and I cannot argue this for the Bay Area Rapid Transit System, but I can argue here that particularly as part of a period of time when there are large capital requirements—and we are talking about a 7- or 8-year supplement, if you will, to the operating subsidy—recognizing that at that point, the District and Virginia and Maryland will have lessened capital. I do not think realistically we will ever be out of capital obligations because there is equipment replacement and all those things.

I say that for the record. I wish I could get you to concur with it.

Mr. DOWNEY. Our overall support for operating assistance and other systems——

Digitized by Google

Mr. STARK. We, as Federal employees, are not really being consistent. That is what I am saying. The Department of Transportation's policy is excellent, but then when we come to a different subcommittee and try to represent the citizens of the District and go to get a fair share of the Federal fund, it disappears, and I hope that we could prevail on your boss, who, as you know is one of the stellar members of this committee for years, and in many ways was responsible for the limited home rule we were able to achieve, and he is a man of great fairness and highly principled, but I have always known one of his principles was flexibility, and I am hoping—I am sorry to tread on your time like this.

Mr. HARRIS. No; it is all right.

Mr. STARK. I think we have to understand clearly why we are talking about a subsidy at this point.

Mr. DOWNEY. I think it may be helpful to put it into that context as opposed to the straightforward operating assistance. Now, at that level, if we were to add that to what we already provide, which is about $26 million a year, our support of Metro would be almost 50 percent of the entire operating subsidy, and that would be five or six times the percentage we do in any of the other major cities, and it gives us real concern.

Mr. STARK. I promise not to argue Oakland's case on the same level, but it is——

Mr. HARRIS. Mr. Chairman, if I may use the example of the chicken and egg proposition. I am hearing the Department of Transportation say that they would like to see these sovereign States commit resources of some kind to the operation of Metro. As a basic principle, I understand that if we are going to have a partnership with Federal funds coming into it, the Federal Government would like to know or have some assurance that it is going to be operated after it is built. That is not too difficult for me to understand, and so I say, well, now, part of our job here is to go to reluctant Governors and reluctant general assemblies, which I have some experience with, and say:

> Hey, look, there is going to be a system here with a Federal/State partnership in this unique two-State, District of Columbia—Federal government compact that we have arranged, and we need you to make this sort of long-term commitment.

But then what I thought I had just gotten from you was that you feel it is premature to make this sort of long-range commitment even though it may be geared to several conditions on the part of the local government. Is it your testimony that you just feel like in this instance the States should act first before the Federal Government?

Mr. DOWNEY. There are certain actions we would like to see them take, not necessarily as you state the difficulty of Governors and general assemblies having to take final action, but some agreement on the short-term measures and some progress toward the other, and our view could change. We do not want to set up a situation of annual scrambling to finance this system. We agree that there should be a long-range authorization. It is a matter more of timing of that and the nature of it, but we recognize you need that to handle this kind of a project.

46-263 O - 79 - 7

Digitized by Google

SEPARATE FUNDING FOR METRO

Mr. HARRIS. Very well. Then let me try to cast this in somewhat of a positive vein. You do not have a policy at this time that would prohibit you from reaching a position in favor of a bill that continued the separate funding of Metro?

Mr. DOWNEY. We have not reached a conclusion on that, that is right.

Mr. HARRIS. Well, I am trying to make it more positive than that, and so that question is still open in your mind, is that it?

Mr. DOWNEY. Yes; it is.

Mr. HARRIS. And the general principle of a partnership on an 80/20 basis is consistent with your policies at this time?

Mr. DOWNEY. On the capital project, 80/20.

Mr. HARRIS. In capital funds?

Mr. DOWNEY. Actually, it would be 85/15 during the interstate transfer, but we think 80/20 as a general proposition is more in line with where it should be.

Mr. HARRIS. And you feel that if certain basic policies, certain assurances came along that these other questions could be resolved also, and there is nothing to prohibit you from negotiating and thinking in this general line if these other policies were resolved?

Mr. DOWNEY. That is right.

BOND REFERENDUM

Mr. HARRIS. You indicate that you have some question, not only as to the operating, but as to what I think you referred to as local match on capital construction. Now, I think you understand that local match on capital construction for the most part in Virginia is totally bond issues.

Mr. DOWNEY. Through the bonds, yes.

Mr. HARRIS. And that in order to get that local match, as we have in the past, some major jurisdictions, specifically Fairfax and Arlington, major jurisdictions, have to go to bond referendum. You are sensitive to the fact, are you not, that for a locality to go to a general referendum that they have to be fairly specific to the voters as to what they are voting on?

Mr. DOWNEY. Yes; I am from Fairfax County, so I am familiar with that.

Mr. HARRIS. Well, seriously, that is a difficult thing to do. We have done it successfully in the past, and most of us would like to see us do something like that in the future. You understand the basic problem, that to the extent that there can be some sort of a basic plan with respect to these capital contributions that this is almost a prequisite before you go to a referendum.

Mr. DOWNEY. I am not sure of that, but I am sure that that would be, in our view, helpful for the referendum.

Mr. HARRIS. Yes, but that is what gives us the notion, for example, that you went to the referendum before you had any sort of even an authorization bill, which does not assure the appropriations and has not assured the appropriations in the past. You do understand that unless somehow you have some sort of legislative basis for a Federal partnership, it would be almost impossible to go to the voters on the referendum.

Digitized by Google

Mr. DOWNEY. Well, I was just consulting Mr. Taylor. As a general rule, we have found that in places like Miami or Houston or other cities, Atlanta, that they have gone to referendum and gotten their voters to support the local share of the system without solid assurance, and we have always encouraged them and said we will be making grants if the system falls into place, but not on any kind of a specific or system-specific authorization.

Mr. HARRIS. Well, I am open to advise and counsel and what have you on this, but I think I understand what has to be done if we are going to get this system built. If, in fact, there is no authorization bill for the system, and, if, in fact, local jurisdictions are asked to vote on a referendum without even any assurance of an authorization for the system, I think it places this system in great jeopardy. This is really the struggle in which we are involved.

METRO OPERATIONS

May I ask bluntly, the local jurisdictions, in my opinion, have had a unique situation with regard to a Metro Board that intends to bring elected officials together from three jurisdictions to run the system and to make some basic decisions. Does DOT feel antagonistic toward that sort of arrangement? Do you feel like that DOT should be making more of the decisions than the Metro Board?

Mr. DOWNEY. No; I think the basic set of decisions ought to be the Metro Board, but we are always held accountable to Congress as well as within the executive branch for how our money is being spent. In a broad sense, we want to maximize the kind of return we are getting for that, and that is one of the issues we continue to raise, how to push the maximum benefits as soon as possible in this expensive investment.

Mr. HARRIS. Well, I have been waiting for this opportunity a long time. I read somewhere where the Department of Transportation said that everybody had to have a right turn on red around the country in order to get transportation funds. Now I have been in local government and what have you, and I said, "Good heavens, are you telling me that a Federal agency is making local decisions like that." The DOT hasn't gotten that bad, have they, determining whether or not localities should have right turn on red?

Mr. DOWNEY. I am going to go a little bit off the top of my head here, and I will run this down and provide it for the record, but my recollection is that it is the Department of Energy, not us, and it is pursuant to congressional direction.

Mr. HARRIS. The Department of Transportation would never do anything like that, would they?

Mr. DOWNEY. We certainly would not go out to every intersection and say, "This one should be, and that one shouldn't be." We might establish through our financial programs guidance that energy conversation is something we want to see, and right turn on red is a way to achieve it. We do not like to mandate every type of decision until it gets down to the microlevel.

Mr. HARRIS. Basically, then, with respect to resolving it, if the Department and this subcommittee and the local jurisdictions have

Digitized by Google

decided that they want the 101-mile system and they would like to get it built as soon and as cheaply as possible, what do you feel is the next necessary step, if, in fact, authorizing legislation right now is premature? What do you think the next basic step toward achieving this goal should be?

INTERSTATE TRANSFER FUNDS

Mr. DOWNEY. The next basic step from our point of view is agreement on use of the $1.1 billion interstate transfer in a way that will move the system along and get as much of it as possible into operation. The step beyond that is final settlement on bonds. Step 3 is progress toward the operating, and step 4, and the timing of that could be very quick or take a long time, would be looking beyond the $1.1 billion to the complete financing.

Mr. HARRIS. How do you achieve the $1.1 billion resolution?

Mr. DOWNEY. We are meeting, as I said, very regularly with the local officials. My understanding is that within a few days they should be presenting to us a proposal. It may not be one that we can accept or reject, but we will continue to discuss it with them. They will be giving us some guidelines and basic policy objectives that we are trying to achieve, and they are going to come back to us with a proposal on how to fit those guidelines within the $1.1 billion.

Mr. HARRIS. Right now we catch you sort of in the middle of delicate negotiations. Is that what I understand your position is?

Mr. DOWNEY. We are negotiating. I will not characterize the delicacy, but we are negotiating with the locals.

Mr. HARRIS. Well, I mean this is what makes it difficult. If I understand your testimony, this is what makes it difficult for you to take hard and fast positions on basic questions such as an authorization bill that provides separate funding for the total system; is that right?

Mr. DOWNEY. That is right.

Mr. HARRIS. And, quite seriously, I think this is important, and I think I understand that. Compared with other systems, has Metro not done a somewhat better job as far as making sure it had contiguous sections planned and defined and built and put into operation? As a matter of fact, does Metro not look pretty good as far as not building segments here and segments there that do not become operational fairly quickly once they are built?

Mr. DOWNEY. I would say those two large systems have moved ahead about in the same fashion. Some of the other systems are now coming on line. In Atlanta, for example, we think they are doing an even better job. Each one learns from another. Atlanta is growing out very organically. They have opened up 14 miles in one direction, and now they are opening another mile or two in the north/south direction. They are really following the principle that each stage of construction applies to the next terrace. I think right now what I would like to see Metro doing and what I would like to seen them do 5 years ago is acquire all the right-of-way for the 101-mile system. If we want to really get efficient, that is the way we do it, in my opinion. We are two-thirds built now on a station where we had foresight enough to have bought the land in 1970,

Digitized by Google

and we saved a heck of a lot of money in doing that. What bothers me about this right now, in doing it in segments and saying, "OK, this much now and what have you," is that we just waste a whole lot of money by not being able to plan and advance-acquire and design a total system.

Mr. DOWNEY. We have agreed with you on that issue. Acquisition for the right-of-way, for any position of the 101 miles, we would be happy to have it within Tier I as long as the rest of the plan makes sense, and we think getting the land now where design is in place—there may be some issues where the design is still a little flexible, but where design is known, we ought to get that land now.

Mr. HARRIS. OK. Well, I want to wish you well regarding the negotiations on the $1.1 billion. I would like to see it in the ground just as soon as possible, wouldn't you?

Mr. DOWNEY. We would like to see it in the ground with people riding on it as soon as possible.

Mr. HARRIS. Thank you very much, Mr. Chairman.

Mr. STARK. I think the minority counsel has some questions he would like to direct to the Secretary, and, if so, you may proceed.

FEDERAL INTEREST IN METRO

Mr. SINGLETON. Thank you, Mr. Chairman. Mr. Downey, you state in your testimony that the Metro system does serve Federal installations, and, in fact, there seem to be a number of stations on the line, particularly that probably would not be there but for the Federal presence. My question is, are there any other rapid transit systems in other cities that you can think of that seem to serve the Federal Government in a similar capacity? I am talking about in terms of the magnitude that Metro seems to serve here.

Mr. DOWNEY. Well, again, that is another chicken and egg. If there were not a Federal Government in the District, there would not be a Metro.

Mr. SINGLETON. Let us assume the Federal Government came first. It is in existence, and you have a rapid rail system. Does it or does it not serve the Federal Government?

Mr. DOWNEY. True, but the analogy I would make, in New York, the rapid transit system serves Rockerfeller Center and the World Trade Center. They are not building other than through their property taxes and whatever they are paying, special parts of the system were paying specially for the system.

Mr. SINGLETON. Well, we have a great number of Federal workers here who use the system. We have visitors to the city who probably would not come here but for its status as the seat of Government, and I guess the point that I am getting to here is that it seems to me that this state of affairs will create a rather unique relationship between the Federal Government and Metro, and I am just wondering if you would agree with that, with that statement.

Mr. DOWNEY. I agree it is unique, but I do not view it as a burden. An issue, for example, like the Smithsonian station, which has been raised in the past: I see that as a benefit and an opportunity for Metro. The number of tourists who use Metro because of that Smithsonian station is a terrific opportunity to generate reve-

Digitized by Google

nue, not a burden, that the Federal Government has sort of inflicted on them.

Mr. SINGLETON. Correct me if I am wrong or do not understand, is there some kind of direct relationship between the fares that are generated by the tourists using the system and the operating costs. I mean, is it kind of like a 1-to-1 relationship, or do you have operating costs that are going to be there regardless of whether those tourists use it or not, and if they do use it——

Mr. DOWNEY. I think the point is that most of the operating costs are there, and the tourists, with their use of Metro, go a long way toward defraying operating costs. It is sort of gravy over and above the basic commuter function of the system.

Mr. SINGLETON. I know the ranking minority member of this subcommittee, and the full committee as well, feels very strongly about this issue. I know it is his opinion that in a sense the Federal Government does derive a great deal of benefit from the system, from the use of the system. That is to say we have got Federal workers that use the system, it seems, in droves, and that certainly is a tremendous benefit, because it saves energy, costs, cleans up the air, and so forth. I am just trying to get at some kind of a basis here as to why you want to treat the system like a system in any other city when, in fact, we have got this fairly unique relationship, it seems, that exists here.

You made some mention in your testimony about section 5 moneys. There are some $26 million designated under that section. Would part of that or all of that go to Metro?

Mr. DOWNEY. All of that is available to Metro.

Mr. SINGLETON. And, also, you state that the Federal payment—and I think that is rather novel for I had not heard that one before—provides moneys to the District of Columbia to help meet its costs. Would you be willing to hazard a guess for us as to how much you think that Federal payment should be increased to help the District of Columbia meet these operating costs or help WMATA meet these operating costs?

Mr. DOWNEY. I certainly think the Federal payment ought to be appropriated at the level the President has requested it, which I gather is higher than it has been.

Mr. SINGLETON. That is $317 million, as I understand it. Do any of those dollars cover Metro operating costs?

Mr. DOWNEY. Basically we view, as I understand it—and again this is not totally in my area—but we view the Federal payment in a way as the in-lieu-of-tax payment that we as property owners in the District contribute toward those basic services. Other Government agencies—my agency, for example, leases the NASA Building which, I gather, is the fourth largest taxpaying structure in the District, and part of that rent we pay goes into the District's budget, and presumably as a property owner and an employer, that is the way we are contributing some piece of the operating expense. You know, too, the President is encouraging, through the parking policy, more people to ride the system.

Mr. SINGLETON. Yes, I would like to seize on that point. If we can get people out of their cars or we can charge people for parking, what is wrong with the idea of kicking some of that money back to

Digitized by Google

Metro to help pick up the added expenses for the use of the system?

Mr. DOWNEY. We discussed that, but GSA got there first, so they would like us to use it to pay the rent on the parking structure.

Mr. SINGLETON. Thank you, Mr. Downey. Mr. Chairman, I have no further questions.

Mr. STARK. Thank you very much. I guess the final question, Mort, is to suggest this. If I were to assess the sense of the subcommittee, and perhaps the full committee, we probably will report out a bill somewhere between Mr. Harris' position and mine, both in dollars, and I think the good parts that you recommend and some that you object to. I think we could get to numbers and a level of authorization that you would not object to. You may object to the authorization in principle, but I think that you can say if there has to be one, this is one that sounds proper to us.

I think we could come up with a dedication program that the local governments could live with and that would satisfy you as to date and flexibility and would be one that meets your idea of realistic estimates and has a concensus and is a stable and reliable source. I suspect we will be a part of the subsidy thing, but I do not think we are talking about a great amount of money, and let us say that a bill like that comes up for passage. Is it naive to hope that because of providing the good parts that we might hope for at least a no-position from the Department rather than active opposition?

Mr. DOWNEY. I think as we would assess such a piece of legislation within the counsel of the administration, the Department would point to those good features, be sure that those who make the final decision would be aware of those, and give it a reasonable evaluation as to what it provided for us in the context of our continuing and delicate negotiations.

Mr. STARK. I would say that if all of the parties to this problem will not fudge like that, we might still get something through. If you had anything to add, I would be glad to have you add it now or submit it later for the record, and I want to thank you both for taking the time to be here.

The committee will recess for approximately 1 hour to 11:30, at which time Mayor Barry will be here as a final witness, I believe, in these hearings, and so we stand recessed until 11:30.

Mr. DOWNEY. Thank you, Mr. Chairman.

[Whereupon, at 10:30 a.m., the Subcommittee on Metropolitan Affairs meeting recessed to reconvene at 11:30, this same day, May 2, 1979.]

Mr. STARK. The Subcommittee on Metropolitan Affairs will reconvene. It is my distinct honor to welcome Mayor Marion Barry as our next witness before the subcommittee.

I might suggest to the Mayor that his presence here is particularly gratifying to me because, when I first came to Congress, I was one of the rare people, I think, in the House that ever volunteered to serve on this committee with the avowed purpose of seeing that the District get home rule.

I have to apologize to the Mayor for not being able to provide more thorough and complete legislation forth coming toward Home Rule, but I think that if we see more elected representatives in

Digitized by Google

administrations such as his that it will go a long way to getting the present voting rights amendment passed in the necessary number of States, and I am just very pleased to be here.

I hope the next time the Mayor comes in the next session of Congress that this committee may not even exist any longer, and much more will be handled by his and subsequent administrations.

Mayor Barry, we have a copy of your written statement. It will be made a part of the record. You may read it, summarize, or proceed in any manner you see fit. Thank you.

Mr. BARRY. Mr. Chairman, first let me thank you very much for giving me this opportunity to be here and to commend you for your hard work on behalf of the District of Columbia. I, too, look forward to the day when we will not have a House District Committee or Subcommittee on Appropriations of the House in the District of Columbia or Senate.

I believe very strongly that we are capable and ought to have the right to govern ourselves completely; so, therefore, you and I are together. In the meantime, until we get full self-government, we need all the help that we can get to enable us to move forward.

Mr. Chairman, I would like to give my views on the important subject of Metro. With me is Mr. Tony Raschal, who is Assistant Director for Mass Transit for the D.C. Government. I was expecting Mr. Douglas Schneider, who is the Director of the Department of Transportation, but he is in a budget hearing before Senator Lahey now, so the budget on that side takes a little priority so Mr. Raschal can handle any technical or specific questions.

Also, Mr. Chairman, I thought it was important that I appear personally before this subcommittee in order to show my strong support for the completion of the 101 miles of our mass transit.

STATEMENT OF HON. MARION S. BARRY, JR., MAYOR, DISTRICT OF COLUMBIA

Mr. BARRY. Mr. Chairman, as you know, 12 years ago the governments in the Metropolitan area formed a regional compact, and the purpose of that alliance was to build a modern, safe, and convenient 98-mile rapid transit system at that time to serve the various transportation, economic, environmental, and social purposes important to the quality of life in this region.

We set out to work on that, and we began construction 2½ years after the compact. Six and one-half years after construction began we had 34 miles under construction and 4.2 miles in actual operation.

ALTERNATIVES ANALYSIS

The Federal Government then required a so-called alternatives analysis. This analysis was designed to test our conclusion that those portions of the 98-mile system which were then unbuilt should, in fact, be built. We think it cost us over $100 million because of the delay; but on the other hand, it proved to be a worthwhile exercise. I say that because the analysis resulted in a strong affirmation and confirmation that a 101-mile system should be built; indeed, it showed that we could not afford not to build it, so that was important even though it cost us money.

Digitized by Google

Mr. Chairman, we don't have to go into the various arguments about why we need Metro. I think both you and Congressman Harris certainly understand it very well in terms of energy saving and moving of large numbers of people back and forth between our regions.

As you know, during the snow situation, we had a record number of people using the Metro system. I hope that they will use it all the time, but we have to just work on that.

Metro is essential to the economic vitality of our region. I have maintained that a lot of our downtown building boom and retail shopping surge is because of the Metro.

I was talking to a merchant on F Street who owned a shoe store on 13th or 14th, and last Saturday was one of his biggest Saturdays in 4 years, and he maintains that the Metro system brought people in who ordinarily would not be downtown. The same is true of the suburban areas; it allows access to the shopping and shopping centers.

Mr. Chairman, you know the bill before us would authorize continued funding for construction of our Metro and other financial aspects of the system. I certainly strongly support the 80/20, Federal/local matching arrangement for funds to complete the construction of the system beyond those Federal entitlements which are available through the conversion of money from interstate highway transfers.

DISTRICT'S CONTRIBUTION TO METRO

Mr. Chairman and members of the committee, I would like to emphasize that the District of Columbia is on record as having supported this effort very strongly. We have already contributed to the construction of the Metro system out of our highway transfer funds over $96 million, which I think demonstrates clearly this Government's commitment to the Metro. Additionally, we have over $991 million remaining, and we intend to contribute this to the system. There are times when we act as though we are reluctant to, but that is because we want to get the State of Maryland and the State of Virginia to do their share of interstate highway conversions.

Fortunately, in the District, we do not have to worry about down State and the middle of the State as to who gets the money, as the State of Virginia does; we can just spend it right here.

I hope that Congressman Harris would make sure that any entitlements in the State of Virginia, that he does not get any argument between Roanoke and Richmond and Norfolk, as to who gets the money—let us give it to the Metro.

H.R. 3634

I have a problem with one aspect of H.R. 3634, and that is the section which authorizes to be appropriated, for fiscal years 1982 through 1987, the amount of $275 million as the Federal share. I understand that we are probably limited to $275 million for fiscal years 1979, 1980, and 1981; however, we feel that amount is too low in order to carry this project forward as quickly as it should be carried. We would anticipate that the amounts for 1982 and beyond

Digitized by Google

could be justified at a higher level. This is especially true in light of the President's recent commitment to greater emphasis on mass transportation and to the possibility of new funding sources to pay for enhanced mass transportation systems. Therefore, Mr. Chairman and members of the committee, I think it would be unwise, recognizing Proposition 13 fever and others around in the land, I think it would be unwise if we would attempt to establish now what we consider to be the minimum funding levels for 1982 and beyond.

Mr. STARK. Mr. Mayor, if I could interrupt you at that point for a moment. You have just expressed a concern that has been expressed repeatedly by witnesses who have preceded you. There is some hope that we could structure a spending curve, as it is called, which would limit the aggregate amounts and come closer to figures of perhaps $350 and in some years $375 million and aggregate them so that in the first year there would be a limit of, for example, $350; and for the second year, you would spend no more than an aggregate of $700, and having those limits follow more closely the actual engineering projected costs; and if money wasn't spent, allowing it to be spent in the subsequent year, as long as you did not exceed certain maximum aggregates.

If we could work out between Metro and the Department of Transportation and ourselves a program such as this, would that appear to you to satisfy your objection to the otherwise annual restrictions?

Mr. BARRY. Mr. Chairman, I think so. The problem here is that Metro is subject to the to's and fro's of the economic system, too, and in 1979 I think it is very difficult for us to predict in 1982 what we will actually have to spend. We cannot control these costs; we have got to get the best bid and the best contractor.

Mr. STARK. From our standpoint, Mr. Barry, I wish we could handle all that. I think we are dealing with a maximum aggregate amount of around $1.7 billion. Regardless, I would like to think that with any contingencies we would be able to increase it, and the only contention that we have had is how quickly we can spend it.

There is obviously a certain point at which it is not needed, there is a certain point at which you cannot build any faster. That is more of an engineering question than it is a politician's decision. If the contractors could only efficiently spend $300 million in 1 year, there is no sense in spending anymore.

There is right-of-way acquisition that Congressman Harris has suggested we should hurry up and buy, and I think we all concur; but once the $1.7 billion is gone, it is gone. It is just a question of how we phase it in over the period, and there has been some question there of 5 or 7 or 8 years; and I think we all agree that we want to spend it in the most efficient manner possible.

Then what we are trying to work out is a manner that will be flexible enough, yet provide the other jurisdictions who are asking to dedicate revenue sources some way that they could budget, that your own government could budget, because we are going to ask you to dedicate tax money to this plan.

Now, for your own budget process, we ought to, therefore, be able to tell you that in 1983—just to pick a figure out of the air—you

Digitized by Google

are only going to have to pick up your share of not more than $300 or $400 million, or whatever the figure might be.

So, my hope is that this flexibility will work for all the jurisdictions involved, our District included.

Mr. BARRY. Mr. Chairman, we are being joined by Douglas Schneider, who is the director of Department of Transportation for the District of Columbia Government. I hope he survived Senator Leahy's——

Mr. SCHNEIDER. Senator Bumper's.

Mr. BARRY. Senator Bumper's right turn on red, right?

Mr. SCHNEIDER. Yes.

Mr. BARRY. Did you tell him we were committed?

Mr. SCHNEIDER. Yes. He still does not believe us.

Mr. BARRY. He does not believe us?

Another problem, Mr. Chairman, in a subcommittee is a number of local jurisdictions, you know, are increasingly having difficulty with their 20-percent share; some are trying to get it on time and get it in.

I am hopeful that the whole area of the dedicated tax will give us some certainty about that. I think we have less certainty in the District, once we get our plan together and get it to council and through the Congress, because our budget cycle takes that long. That is too long for me locally, but at least it works. On the other hand, we would like to have some flexibility.

Mr. STARK. Now that you mention that, I notice in your testimony, Mr. Barry—and I asked my staff to get in touch with your staff to see if we could recommend a change in the bill which would accommodate your budget schedule, and I appreciate your bringing that matter to us.

It is a little ahead of where you are in your testimony, but I notice you did raise that issue; and we will make every attempt to see if we can accommodate you.

Mr. BARRY. Mr. Chairman, also, as you know, we operate on both authorization and appropriation laws in the District, and the other aspect of this bill is to increase the feeling that has been imposed on the District in the construction of Metro.

FURTHER DISTRICT OF COLUMBIA AUTHORIZATION NEEDED

We originally had an authorization of $269 million, which is now virtually exhausted, and, therefore, it is necessary that we should have further authorization from Congress for the appropriation of money so that the District can remain a full partner in the construction of Metro.

In this regard, we have submitted to the President of the United States—and it is on its way up here to the Hill—a supplemental budget request for fiscal 1979 and a budget amendment for fiscal year 1980. These submissions include the $13.2 million for 1979 and $23.2 million for 1980, respectively, for the Metrorail construction program. Also, Mr. Chairman, I am concerned that the bill's October 1 effective date for increasing the District's authorization ceiling for Metro may hinder the timely consideration and action on both the supplemental and amendment.

Digitized by Google

The $13.2 is for 1979 and one thing that both Congressman Wilson and Senator Lahey are awfully concerned about is that they may be sympathetic to the appropriation part of that, but unless the authorization is there, it does cause a problem.

We think that our supplemental will be acted upon fairly soon, and I suspect that if this legislation moves by the time our program comes to the House floor, there will not be a point of order on this, so I think we need to work very closely with this subcommittee as to what your timing is. It may be difficult to do, I do not know, or it may be that we will lose the $13.2 million for 1979. That is just a point I would like to make in this regard.

I think that we will be OK for 1980 even on the most extreme schedules. The other possibility—and I got this idea sitting at the table—it may be—I am not sure how much difficulty this bill is going to have, I understand that there is some resistance in the Congress for this amount of money—it may be that we could take out of the bill this part of it and put it somewhere to just get it—I don't know the rules of the House—to get it done separate and apart from this, but I do not think there is any opposition to the District's authorization level—not much opposition—being raised because the money is now being planned to be used in 1979.

Mr. HARRIS. Mr. Chairman, it looks to me—if I could have the Mayor's attention—it looks to me like this is a provision that perhaps could cover 1979, 1980, and 1981 at least and could more appropriately be put on the Federal payment to authorization increase as an amendment, which is still pending in the committee, because there is no way that this bill is going to solve any fiscal 1979 problems. I think this is something we should think about perhaps in including in the increased Federal payment authorization.

Mr. BARRY. Mr. Chairman and Mr. Harris, in discussing the testimony with staff yesterday, this came out, and we wanted to bring it to the attention of the subcommittee.

Mr. HARRIS. Can I ask your reaction to that suggestion?

Mr. BARRY. I do not have any problem with that, that is why I said earlier I had not thought about the specifics of the Federal payment, but that is a good possibility. I guess the only question would be to get your advice as to whether or not those persons who oppose an increased Federal payment may also want to load up on this one, but subsequently——

DISTRICT'S SHARE

Mr. HARRIS. We will find it, Mayor. No matter where we go, we will find them, but what I am suggesting here is that this bill quite appropriately deals with the District of Columbia share with respect to that increased funding that is necessary. That increased authorization is necessary to complete the system, and really your problem deals more specifically with meeting the current requirements and match the funding that is coming basically through the interstate transfer. It is really, I think, almost a separate question in a way, and it is one, I think, that we should try to figure out a way to handle expeditiously so as to remove any question.

Digitized by Google

Mr. BARRY. Mr. Harris, I think what we should do is discuss this with Congressman Fauntroy who chairs the subcommittee and get an understanding and move this over into it and get your support in the full committee and go forward with it.

Mr. HARRIS. It makes sense.

PAYING OFF CONSTRUCTION BONDS

Mr. BARRY. Mr. Chairman, the next important aspect of the bill is it addresses a disposition of the indebtedness for the nearly $1 billion in construction bonds issued by Metro some years ago. As you know, these bonds are fully Federally guaranteed. There has been a discussion back and forth between the present administration and how we pay the interest and ultimately the principal. We feel—the District of Columbia feels that the two-thirds Federal share for the payment and interest on the bonds is appropriate, because when these construction bonds were issued, the Federal share of the construction cost was two-thirds. I agree that the sinking fund envisioned in the bill to assure that the bond payment funds would be available is appropriate, and the District of Columbia government is certainly willing to participate in it.

FEDERAL BENEFITS FROM METRO

Mr. Chairman and members of the committee, the other important concept embodied in this legislation as to why we would even support larger Federal contribution is that a major beneficiary of the Metro system is the Federal Government. A large portion or percentage of those who ride the Metro to work are going to Federal jobs to serve Federal purposes. This is perhaps most easily illustrated by the fact that many Metro stations serve Federal buildings almost exclusively. For example, stations at the Smithsonian, the Federal Triangle, L'Enfant Plaza, Federal Center, and those stations in Capitol Hill all provide good transportation service into the heart of the Federal establishment in the city. Mr. Chairman and members of the committee, as you know, the construction costs have to be subsidized. Additionally, Mr. Chairman, the other aspect of the bill which provides some subsidies for our operating—some Federal support for operating subsidies is very important too, because again, I think, the Federal employee is taking advantage of a reasonably low fare and a good system which to ride on.

FEDERAL OPERATING SUBSIDIES

Mr. Chairman, we think it is a good beginning to have Federal operating subsidies, that is the subsidies supported by Federal funds from $20 million beginning in fiscal year 1981 up to $30 million in fiscal 1988. I think these are appropriate. Naturally, we would want more, but that is a good beginning. Also, Mr. Chairman, I think that this is a point that is even important, the President's new policy, and I support that policy of limiting subsidized parking in the District of Columbia and around the country. I wish that we would move even faster. There is a two-step plan where you move this fiscal year and then next fiscal year in 1981. I would advocate that we do it once, but I understand the prob-

Digitized by Google

lems with that quick direction. Certainly Doug Schneider supports that. He would like for it to have been yesterday, and I would too, so, again, it emphasizes the need to have a good mass transit system available for those persons who would like not to drive or whose income or economy is such that they do not want to pay the increase in parking fares.

DEDICATED REVENUE

Finally, Mr. Chairman, the legislation envisions that each local government will enact some kind of dedicated revenue source for operating and maintaining the rail system. My view from the District of Columbia's point of view is that we support that effort and that the best tax that we would advocate would be a payroll tax, collected from citizens across the region to support this regional system, which is a most desirable approach.

PAYROLL TAX

Mr. Chairman, we have looked at the whole question of sales tax and gasoline tax, and the amount of money that we are contemplating having to need to do the subsidy certainly cannot be derived from those sources. We think the base is too narrow. In the District of Columbia, for instance, our total sales tax income is about $120 million, and for each penny, it increases about $15 to 16 million, and we are speaking in the future of subsidies totalling between the Metro rail system and the Metro bus system of almost $100 million, and, therefore, we need a broad-based tax to do that, plus we think that it spreads the burden evenly across the board if you have a payroll tax.

It is an income factor as opposed to——

Mr. STARK. Mr. Barry, I have been trying for years to get Congressman Harris and Congressman Fisher to cosponsor my bill for a commuter income tax. I think you know how much chance that has.

Mr. BARRY. I think the difference, Congressman Stark, I think the difference—and I certainly support an income tax—I think the difference between a payroll tax and a recipient income tax is that we would take a certain percentage of income. It could be one-half of 1 percent across the board, and that is taken out of each employee's paycheck, and it is not a factor of fluctuated income, of income tax.

Mr. STARK. And you are right, and you are to be congratulated, because it is far less regressive than, say, an additional sales tax and would be helpful to the elderly and the poor and the people who are unemployed, as regressive as it is. I mean, any kind of payroll tax is somewhat regressive, but you are quite right in that it is far more equitable.

Mr. BARRY. It is a fact of income. That is, those persons who are not earning very much will not be paying at the same rate that those who do, plus with a sales tax, there are necessary goods, such as food and clothing and other kinds of goods that people have to purchase, and it is regressive. A sales tax is regressive, and in terms of the gasoline tax, the basis is not there. The more people who start using mass transit, the less gasoline they use, and it

Digitized by Google

becomes sort of a Catch 22 situation, so that is why we advocate that. I think that if we think about it seriously, we will see that there is a great deal of difference between a recipient income tax and a payroll tax. I know that those who oppose recipient will say this is just the beginning to get your foot in the door, but, you know, we have a situation in the District where 65 percent of all of our income, 65 percent of all our income is earned by non-District of Columbia residents, and so we would advocate that broadbased approach to it, and we have talked about that in the council governments, and there is some receptivity on the parts of some jurisdictions to, at least, look at it, particularly in northern Virginia and some parts of Maryland in the sense that they know too that the State sales tax does not have a base. In Maryland, for instance, the Prince Georges and Montgomery County delegation tried to get the Governor this year to allow them to dedicate a portion of their present sales tax, or even increase it, to do it, and there was great opposition in the State of Maryland to increase the sales tax. So it may be that in those counties whereby the State legislature would allow a payroll tax to be imposed in those counties affected by this, and also the Congress would allow the District of Columbia government to impose it, but that is an idea.

SECRETARY'S DISCRETION IN RELEASING FUNDS

Mr. Chairman, I would also like to support and would like to ask you to consider the proposition that the Secretary of Transportation be allowed some discretion in releasing funds, even though not every local government in the region has developed a dedicated source of revenue. I ask this, Mr. Chairman, in the sense that, as you know, the 16 jurisdictions composing the Council of Governments and then those that are parties of the compact have a great deal of difficulty with their legislatures. Northern Virginia has difficulty with the legislature in Richmond, and Prince Georges and Montgomery County, in some instances, have difficulty with its legislature in Annapolis, and we do not think the whole region should be held hostage by one legislature, one State legislature. Whereas, if we had a good mix in the majority of the jurisdiction had agreed and were moving ahead with the fact that all of us would have to have had it done would mean that one or two jurisdictions could hold us hostage to something they want to get, and I do not think we want to do that at this time.

I do think that the Secretary, if this discretion is given, ought not to use it lightly. It ought to be used only as a last resort, only after he or she has pushed and pulled and pressured and coerced and cajoled or anything else you can get to get everybody's commitment, and the legislatures, and the laws to do it, and, so, therefore, I would ask that this discretion be guarded very judiciously by the Secretary, but I do think in the final analysis, he or she would have to have final judgment as to the release of the money.

Mr. Chairman, I have given you a broad range of views about this bill, and I appreciate your taking the time to invite us here. Again, we support the major thrust here. We have pointed out some of our problems with the legislation, and we are ready to support it and ready to take the necessary steps in the District of

Digitized by Google

Columbia government. We have the support of the council to enact the necessary legislation to carry us forward, so thank you very, very much.

Mr. STARK. Thank you, Mr. Mayor, for your testimony and your instructive comments. The first thing I would like to ask is that relative to the District Government, I would assume that the 1980 date for a plan of dedicated revenue is workable as far as your administration is concerned.

Mr. BARRY. I think the beginning of it is workable, because, quite frankly, what we will probably do is that we now are paying our share out of the general fund which comes from a number of taxes. It will probably be just a matter of establishing a special fund, a certain percentage of a certain tax that would be put in that fund.

DEDICATED FINANCING

Mr. STARK. We had a dialog with the Assistant Secretary of the Department of Transportation this morning relative to this question of dedicated financing, and it must be flexible as you point out, or we could have one very small community reneging on a commitment and stop the whole program and I think we have made very clear our legislative intent is to the contrary, that it is there exactly for the reasons that you suggest, and that is to see that the major jurisdictions involved make—what I think the Secretary said this morning was based on realistic estimates that there be a consensus within each one of the jurisdictions and that they suggest to the Secretary a stable and reliable source of income that will be used to meet the obligations, and obviously, that has to be at the discretion of the Secretary, and, as you know, our present Secretary is a person whose dedication to the District has been great and long and well noted, and I am confident that we are not going to close the system down for want of some capricious member of the area deciding to not perform their share. I wanted to ask, if I may, a couple of questions relative to the rather modest operating subsidies which we are proposing in this bill which are scheduled to terminate approximately 7 years out with the idea that at that point the construction capital outlay requirement would be much less, and these particular operating subsidies may not be necessary.

FEDERAL PAYMENT

The administration, this morning, testified vaguely or obliquely that the Federal payment to the District of Columbia is somehow indirectly or directly related to Metro, and I wonder if, to your knowledge, whether the administration support for an increase in the Federal payment from $300 million to $317 million has even been suggested to you as a specific reflection of Metro's needs, or was this increase for other budgetary needs in the District?

Mr. BARRY. Mr. Chairman, the whole question of the Federal payment has never been linked to Metro subsidies either by the District government or by the present administration or any other administration. The Federal payment is an item that should stand alone by itself as a payment in lieu of taxes and use of 50 percent of the taxable land in our city and also for services that are

Digitized by Google

provided by the District of Columbia government to the Federal Government. There is no relationship between the two at all.

I testified before Congressman Fauntroy just about 1½ weeks ago that the Federal payment should be much larger than it is because of our calculations of what could be built on the land and what kind of income taxes or corporate taxes we could get. In fact, $493 million is what we calculated so there is no relationship at all between that, and I do not think it should be mixed up.

Mr. STARK. To your knowledge, have either the Appropriation Subcommittee of the House or the Senate ever discussed the size of the Federal payment in relationship to Metro financing to your knowledge?

Mr. BARRY. Mr. Chairman, my answer is no, not to my knowledge. Since I have been going to the Hill since 1972 when I was president of the school board until I was on the Council and now as Mayor, I have not heard this discussion and there is no indication in the record that either the House subcommittee or the House committee or the Senate subcommittee, the Senate or the House has ever linked these two together. Again, I am sort of surprised that there is even an implied linkage.

Mr. STARK. Thank you very much.

Mr. BARRY. Thank you, Mr. Chairman.

Mr. HARRIS. Thank you, Mr. Chairman. I just want to express my appreciation for the testimony and the support that the Mayor has given and has always given to Metro. I am sorry I missed some of the questions. You are in support of all the concepts and bills which the chairman and I have introduced as far as construction interests, bond curtailment, and operating are concerned?

Mr. BARRY. Yes, sir, Mr. Harris, I am, very much so. I expressed some concern to the chairman about allowing the Secretary of Transportation some discretion in case there are some jurisdictions that do not come forth with their dedicated tax and hold us all hostage to that.

Mr. HARRIS. Yes; that I think is very important, and I think the subcommittee needs to work on that language, whether it is the dedicated tax or some other assurance of payment. Apparently what the DOT is demanding concerns operating funds. I think you may have inadvertently indicated in your testimony, either that or I misunderstood, that there has been a need to commit such dedicated sources to the capital costs. Basically we have usually referred to that with respect to operating costs, since the capital costs come either from appropriations from the State legislature in the case of Maryland or from bond revenues and appropriations from the legislature in Virginia that is consistent with your view, is it not, Mayor Barry?

Mr. BARRY. Yes, Mr. Harris. We were talking about the dedicated revenue source for operating and maintaining a rail system, the subsidy from operating, not from the capital portion.

Mr. HARRIS. Well, you and I are in complete alliance as to the purpose and method with regard to completing Metro. I think it is going to take a tremendous effort to achieve the understanding necessary and to get this done. I am very pleased that you are able to come here personally to support it, which is more than the Governors of Maryland or Virginia can say.

46-263 O - 79 - 8

Digitized by Google

PAYROLL TAX

Mr. BARRY. Mr. Harris, I did raise something while you were away, and we could probably discuss it a little bit more. From the District's point of view, we need as broad a based tax as we possibly can. At some point, we will be speaking of operating subsidies of upwards of $100 million for both Metrorail and Metrobus, and I advocated that we view the taxing situation on a broad base, and I was suggesting a payroll tax which is different from an income tax which is a percentage of income. Each employee in the region would pay, and I think that gives us a broader base.

Mr. HARRIS. Are you suggesting that we include it as part of this legislation?

Mr. BARRY. Well, I do not know how you—well, there are two parts of the combination. As you know, the State legislatures in Maryland and Virginia would have to authorize that for those jurisdictions in Maryland and Virginia, and the Congress would have to authorize it to allow the District to participate in that, because it would be, to some extent, coming close to taxing income of nonresidents, but a payroll tax is greatly different than an income tax, because it could be one-half of 1 percent. These are just figures I am using that everybody could pay so depending on what your total——

Mr. HARRIS. My question was, you are not advocating that to be part of this bill?

Mr. BARRY. Well, I would like to figure how we get it done. We might have discussions between ourselves and the committee about how to do it, but unless the Congress, this committee, the House District Committee, the authorizing committee allows us to do it, we could not participate in it, so I guess the answer is I do not know.

Mr. HARRIS. Well you know whether you are advocating it or not, Mayor.

Mr. BARRY. Well, I am advocating that it be done.

Mr. HARRIS. But not as part of this bill?

Mr. BARRY. Well, for that one, you see, I do not know what difficulty this bill is going to have in committee and in Congress.

Mr. STARK. We'd have somewhat more difficulty with that provision in it, Mr. Mayor.

Mr. HARRIS. Well, I just want to know if you are planning on scuttling this bill or not, Mayor. That is all I want to know. I just did not know how strong your commitment was for Metro. You are not trying to scuttle this bill, are you?

Mr. BARRY. I am trying to get support for a broad-based tax.

Mr. STARK. I think we have got to come at it another way.

Mr. BARRY. Well, if we could get Congressman Harris to at least consider that payroll tax is different from an income tax, I think we would have a better way of——

Mr. HARRIS. Do you think Metrorail is important too?

Mr. BARRY. No question about it.

Mr. HARRIS. And you are anxious to have the Metro legislation passed?

Mr. BARRY. Both.

Mr. HARRIS. Thank you, Mr. Chairman.

Digitized by Google

Mr. STARK. I warned you, Mr. Mayor.

Mr. BARRY. I raised it while he was gone. I wanted to raise it while he was here, so there would be no question about my position.

Mr. STARK. I told the Mayor in your absence that I thought I would get you and Mr. Fisher to cosponsor my commuter income tax bill about as rapidly as we would get that provision in. I would like to ask Mr. Singleton who is counsel for the ranking minority member of this committee if he has any questions on that subject?

OPERATING COSTS

Mr. SINGLETON. Thank you, Mr. Chairman. I would like to follow up on the line of questioning that you pursued earlier regarding operating costs. Mr. Mayor, as the chairman stated, both of the bills before the subcommittee will provide for an operating subsidy that will last for approximately 7 years at which time they will be eliminated, and do you think, or perhaps Mr. Schneider might also have some comments, that the Section 5 money that will be available for the District of Columbia under the Urban Mass Transportation Act would be sufficient to fully recognize the rather unique relationship that seems to exist between Metrorail and the Federal Government?

Mr. SCHNEIDER. No; I do not think we feel that way at all. The section 5 moneys, as you know, the moneys are made available nationally and then divided up across the country on the basis of population basically to cities who have mass transit services. We are talking about a special relationship that exists here and it causes additional operating costs to be incurred, because we are servicing a Federal entity of the local institution, and, as a matter of fact, I think we probably would want to see this extended on, because of the rationale for continuing the Federal subsidy is going to exist beyond 1988 as long as the system operates, and we are certainly going to have the subsidies throughout that whole system and throughout the period.

Mr. SINGLETON. Well, I do not want to take up the time on the record now to thrash this out and get your thoughts on what we might think that level of operating subsidy might be. Perhaps we can get the staff together after this to discuss that particular point, but I do want to make a point that Mr. Downey stated earlier that he felt that—and I think he did admit that there was a fairly unique relationship in existence here. Despite that fact though, he felt that the section 5 moneys available to the District of Columbia in addition to the Federal payment was adequate contribution in recognition of this unique relationship.

I do not want to put you on the spot, but I was wondering how you react to that.

Mr. SCHNEIDER. Well, as I said, that is available to any city in the United States as a matter of a Federal dispersement of operating subsidy. It does not recognize the special relationship we have with the Federal Government here, and so Downey is wrong.

Mr. STARK. I would have to, if I may, counsel, comment on that, at least. There is this problem, and I have this conflict. I represent perhaps as large a district servied by the Bay Area Rapid Transit

Digitized by Google

System in the San Francisco Bay area as any Member of the House, I guess, and so that I would be representative of the many Members of the House say from Atlanta or New York or other areas that have mass transit, and the idea that we have a special Federal interest in this district, which indeed we do—it is our National Capital, it should be supported by all citizens, and I am committed to that. On the other hand, the argument has been put forth that because many Federal employees use it—more, I think, than tourists, that we ought to look at it as many corporations and businesses do throughout the country and subsidize our employees' transportation needs.

I buy that, but I buy it in the sense that we continue under the section 5 funds, but if the Federal Government is going to subsidize its employees, then the Federal workers who work in San Francisco and perhaps live in my district and commute by BART would get the same subsidy which could assist them in meeting the fare box contribution. Now, I am not proposing that in this bill, but I am trying to suggest to you that as a political practicality, and I am not even indicating which position I might support, it is not going to be easy to sell. We have enough difficulty getting section 5. For those of you who can remember our former colleague from Rock Hill, S.C., trying to get the mass transit built through the Banking Committee, to find out whether there was any mass transit in Rock Hill, S.C., was a difficult prospect. Well, we are having the same problem with a Metro subsidy using the hook, if you will, that there is a major Federal interest.

I hope before that time arrives, let us hope that we are all here and active in government that we can think of a better way. I do not see that as having a kind of popular appeal to pick 218 votes off the floor, and I really suggest that it is something we all ought to be thinking about, because I want to see the Metro continue to prosper and operate and be what I think is the best mass transit system in the country, and I will work toward that end.

I am not sure your answer is politically the easiest way. Maybe there is another way. My hope is that the Federal payment, for instance, could be substantially increased enough so that the District would not have to rely on any larger subsidy out of section 5, but that is a bridge we will cross or we will not be crossing for a while.

Mr. BARRY. Mr. Chairman, another aspect of this, and again, I just thought about it sitting here, first of all, I would think that the idea of the Federal Government around the country subsidizing its workers is something that maybe Congress ought to think about as a way of helping the cities throughout the country, because that is a legitimate area. The other thing, and I am not sure this is a good argument, but it is certainly one that I would like to just sort of advance, in the sense that I suspect, and I have not even talked to the staff about this one, but the Metro construction was held up some years, that is the District's share of funds for the capital construction was held up for a couple of years by the Congress, because the Chair of the committee did not think we should do it.

Now that seemed to me it might have delayed the system from starting up earlier which means you might have increased your ridership. I am still sort of thinking about that one, but that might

Digitized by Google

be another angle. I do not know. I am not saying it is a good angle, but I think you are right. We need to think about some other aspects of why the Federal Government——

Mr. STARK. I am not disagreeing with minority counsel or with Mr. Downey or Mr. Schneider's response. I am just saying that as I look at it, the political practicality of getting that passed, I do not think it is very good. I think that mood of the House is getting more sympathetic all the time to the needs of the District, and I just hope that when that day arrives in several years, we can find some other way of getting the funds to subsidize it. I think Congressman Harris would cooperate with us in that as would our colleagues from Maryland.

Mr. SINGLETON. Mr. Chairman, I just wanted to know if I could have a few minutes to respond to your comments about my statement. My point is certainly, and I think it is the ranking minority member's point, that there is a continuing ongoing Federal obligation here because of the unique relationship that exists between this transportation system and the Federal Government and that simply there be some recognition of that fact, whether it is a direct subsidy or——

Mr. STARK. Well, I agree, but my approach to it would be that the Federal payment has been level for 20 years and was never intended to support a large transit system that crosses boundaries into other jurisdictions. Twenty years ago there was not that kind of commuting, requiring not just one more special education service or just one more welfare service or just more police or fire protection but that of a substantially increased whole new mode of planet's travel in——

Mr. HARRIS. Orbit?

Mr. STARK. Thank you. A whole new orbit of services to a budget and the Federal payment has reflected that, and I would much rather see this get it and say, "Look the Federal payment ought to move to whatever level to reflect it. If it has been running in the range of 18 to 20 percent, maybe it ought to run in the range of 23 to 25 percent or 25 to 27 percent," but it has got to take a quantum jump, because we have imposed on the District a quantum-sized service which we are all enjoying, and somehow I think that is going to be easier to sell, but I would suggest it "ain't" going to come through the energy trust fund, as I keep reading in the papers that that miniscule monster is going to turn out, but it may come with an imposition of parking fees of Federal employees. We may not even have to lobby very hard for it at all. We may just have to withstand the onslaught.

Thank you, counsel. Mr. Mayor, if you or your staff have any further comments, otherwise——

Mr. BARRY. Mr. Chairman, let me just add for the record that—and this is not a political argument, because it does not do that, but there is a unique relationship between the Congress and the President and the District of Columbia government. The Congress, as you know, we are here today, still has oversight and imposes its will through the budget and other procedures, so unlike San Francisco where the Federal Government does not oversight legislation or the budget of the county of San Francisco. That is a legitimate argument, and I agree with Mr. Schneider that we ought to at least

Digitized by Google

advance it and keep advancing it and, well, I guess to put it another way, I think that the Federal Government ought to be of the mind to pay for that which it has control over, and if it wants to control it, they will have to pay for it. If it does not want to control, they ought to let us have it and we will try to find a way to pay for it ourselves.

Mr. STARK. I want to thank you, Mr. Barry.

Mr. BARRY. Thank you, Mr. Chairman.

Mr. STARK. I hope that California will be one of the first States to ratify the new amendment.

Mr. BARRY. Wisconsin did it last night.

Mr. STARK. I know. I was born there, so I feel a sort of pride for that. Thank you for being with us. The committee will recess until 9:30 tomorrow morning at which time I hope we can proceed with the markup of a bill. Thank you. Your complete statement will be included in the record at this point.

[The prepared statement of Mayor Barry follows:]

STATEMENT OF MAYOR MARION BARRY, JR.

Mr. Chairman and members of the subcommittee, I appreciate very much the opportunity to be here today to give you my views on the important Metro legislation before you.

WMATA COMPACT

Twelve years ago, the governments in the Metropolitan Washington area formed a regional alliance which is embodied in the Washington Metropolitan Area Transit Authority compact. The purpose of that alliance was to build a modern, safe, convenient 98-mile rapid rail system to serve the various transportation, economic, environmental and social purposes important to the quality of life in this region. Congress was an important partner in that alliance and made a commitment to share in the construction cost.

We immediately set to work to establish the organizational mechanisms to insure that the local share of the funding for the system would be available, and over the ensuing years local funding has been available.

ALTERNATIVE ANALYSIS

Two and a half years after the signing of that compact, we began construction, and 6½ years after construction began, when we had 34 miles of subway under construction, and 4.2 miles in actual operation, the Federal government required that we undertake a so-called Alternatives Analysis. This analysis was designed to test our conclusion that those portions of the 98-mile system which were then unbuilt should, in fact, be built. The Alternative Analysis lasted two years, and even though it cost the project over 100 million dollars because of delay, I believe in retrospect that it was a worthwhile exercise. I say that because the analysis resulted in a strong confirmation that a 101-mile system should be built; indeed, it showed that we could not afford not to build it.

NECESSITY FOR METRO

From every important standpoint, Metro is necessary. It is the centerpiece in our efforts and our plans to reduce air pollution in this region to tolerable levels, to levels which are required by federal law. It is an energy-efficient way of moving large numbers of people and today, more than ever, it is clear that we must, absolutely must, take seriously our responsibility to conserve energy and to accommodate transportation needs in a less wasteful fashion than we have in the past. Metro is essential to the economic vitality of the region; we already see Metro's benefits to our economy. Our downtown is booming and I am convinced that a major ingredient in that boom is the fact that Metro is there and that more of Metro is coming. Metro improves access to jobs throughout the region, a benefit to the job seeker and to the employer. Access to shopping for necessities of life is provided by Metro on a region-wide basis, not simply on a neighborhood basis. Educational, recreational and all kinds of other purposes are served and available to all the people in the region on a regional basis.

Digitized by Google

Our conclusions about the importance of Metro have also been reached by a sometimes reluctant Federal establishment. Last September on the occasion of the completion of a regional financial plan for completing the Metro system, the Secretary of Transportation, speaking on behalf of the President, agreed that the full 101-mile system should be built, and I gather that there is now no further question on that issue.

LEGISLATION PENDING

The bill before you would provide authorization for the continued funding of construction and would otherwise deal, I believe effectively, with other financial aspects of the system that must be addressed both from a federal and from a local level.

The bill would provide for an 80/20 Federal/local matching arrangement for funds to complete the construction of the system, beyond those federal entitlements which are available through the conversion of money from interstate highway transfers. Incidentally, I should like to mention that the District of Columbia has already contributed to the construction of the Metro system $964 million of money converted from entitlements that we held to construct interstate highways, and there are approximately $991 million highway dollars remaining which we intend to contribute to the system. I mention this District transfer of interstate money because it demonstrates the very strong commitment the District has to building a regional transportation system. The money that we have transferred from our interstate entitlements have been used for construction throughout the region without any kind of restriction that they be used only in the District of Columbia. Our interest is in building this system in Maryland and Virginia as well as in the District.

H.R. 3634

There is one aspect of the construction funding section of H.R. 3634 that I do not agree with. That is the section which authorizes to be appropriated for fiscal years 1982 through 1987 the amount of $275 million as the federal share. I understand that we are probably limited to $275 million for fiscal year 1979, 1980 and 1981. However, we feel that amount is too low in order to carry this project forward as quickly as it should be carried and we would anticipate that the amounts for 1982 and beyond could be justified at a higher level. This is especially so in light of the President's recent commitment to a greater emphasis for mass transportation and to the possibility of new funding sources to pay for enhanced mass transportation systems. I would, therefore, think it unwise if we were to attempt to establish now, what we consider to be the minimum, the funding levels for 1982 and beyond.

The next important aspect of this bill is to increase the ceiling that has been imposed on the District of Columbia's participation in the construction of Metro. We originally had an authorization of $269,700,000 which is now virtually exhausted. It is therefore necessary that we should have further authorization from the Congress for the appropriation of money so that the District can remain a full partner in the construction of Metro. In this regard, I would like to note that the District has submitted to President Carter a Supplemental Budget Request for Fiscal Year 1979 and a Budget Amendment for fiscal year 1980. These submissions include $13.2 million and $23.2 million, respectively, for the Metrorail construction program. However, I am concerned that the bill's October 1 effective date for increasing the District's authorization ceiling for Metro may hinder timely consideration and action on both the supplemental and the amendment. I would appreciate any assistance that the committee can provide in resolving this issue.

CONSTRUCTION BONDS

The next very important thing the bill addresses is the disposition of the indebtedness for the nearly one billion dollars in construction bonds issued by Metro some years ago. Those bonds are fully Federally guaranteed. This bill would confirm the arrangement we worked out with people representing President Carter for the payment of principal and interest on the bonds. We feel that the two-thirds federal share for the payment and interest on the bonds is appropriate because when those construction bonds were issued, the federal share of the construction cost was two-thirds. I agree that the sinking fund envisioned in the bill to assure that the bond payment funds will be available is appropriate and the District of Columbia certainly is willing to participate in it.

Digitized by Google

FEDERAL CONTRIBUTIONS

The next important concept embodied in this legislation is that the Federal government is a major beneficiary of the Metro system and it should therefore make a special contribution to the operating support of the Metro system. A large percentage of those who ride the Metro system to work are going to federal jobs to serve federal purposes. This is perhaps most easily illustrated by the fact that many Metro stations serve federal buildings almost exclusively. For example, stations at the Smithsonian, the Federal Triangle, L'Enfant Plaza, Federal Center and those stations on Capital Hill all provide good transportation service into the heart of the federal establishment in this city. Federal employees headed for the airport, people who come into the airport to visit federal offices and Capitol Hill do so now by a Metro at a considerable time and cost saving. Yet, we on a local level are providing nearly all of the operating sybsidy for the system. During bad weather this past winter, for example, when other forms of transportation were down, when the roads in the counties were impassable, Metro operated most of the time. It took a very unusual major storm to stop Metro and during those times when Metro was able to deliver people to their federal government desks, the federal government benefited financially from the fact that those people were there and not at home. And while the tourist business in Washington is certainly very beneficial to us as a city, we should not forget that those tourists are attracted here as national citizens to visit the seat of their national government and as part of the facilities that their national government provides, in addition to the buildings and the monuments and the other attractions, we believe that it is appropriate for their national government also to assist in the provision of the exceptional transportation service which they have available to them in this region when they come to visit their national government.

OPERATING SUBSIDY

The amounts of Federal operating subsidy proposed in this legislation, from $20 million beginning in Fiscal Year 1981 up to $30 million in fiscal year 1988, I believe are particularly appropriate because those amounts, at least in 1981, roughly match the amount of money that could and apparently will be realized by the federal government when it begins charging commercial rates for parking that it makes available to its employees. One of the objections that we have heard over the years from the Federal employee and, in fact, from Federal government spokesmen, is that we should not attempt to inhibit access to free or very low cost parking by federal employees until we have provided the alternative mass transit system. We are providing that system now, and at great cost, and it would seem appropriate to me that the money collected from parking fees, in order to better assure the existence of that alternative system, should be turned over to the Transit Authority to provide operating assistance.

DEDICATED REVENUE SOURCE FOR OPERATIONS

Finally, the legislation envisions that each local government will enact some kind of dedicated revenue source for operating and maintaining the rail system. My view is that a payroll tax collected from citizens across the region to support this regional system is the most desirable approach. A payroll tax is broader based than sales or gasoline taxes, and will provide an adequate amount of revenue to pay for the operation and maintenance of the system. So far, however, the consensus is that most local governments in the area prefer to enact their own separate tax and dedicate the proceeds to Metro operations. I will work for the dedication or earmarking of revenues for Metro purposes to satisfy the requirements of this legislation. I would, however, ask that the Secretary of Transportation be allowed some discretion in releasing funds even though not every local government in the region has developed a dedicated source of revenue by September 1980. It is possible that one or more governments may not, for legitimate reasons, be able to comply within the time provided in the bill. Under these circumstances, the entire system should not be brought to a halt. The Secretary must, however, carefully exercise any discretion granted to him in this regard in order that consistent pressure can be brought on the jurisdictions to implement a dedicated revenue source in an expeditious manner.

That concludes my remarks. I would be happy to answer any questions.

[Whereupon, the Subcommittee on Metropolitan Affairs meeting recessed at 9:30 a.m., May 2, 1979.]

Digitized by Google

SUBCOMMITTEE MARKUP OF H.R. 3634 AND H.R. 1792

THURSDAY, MAY 3, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON METROPOLITAN AFFAIRS,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:14 a.m., in room 1310, Longworth House Office Building, Hon. Fortney H. (Pete) Stark (chairman of the subcommittee) presiding.

Present: Representatives Stark and McKinney.

Also present: Rod W. Kuckro, subcommittee staff assistant; Elizabeth D. Lunsford, general counsel; James T. Clark, legislative counsel; Dietra Gerald, staff assistant; Barbara C. Washington, minority chief counsel; Harry M. Singleton, deputy minority counsel.

Mr. STARK. The Subcommittee on Metropolitan Affairs will come to order. The purpose is the markup of H.R. 1792 and H.R. 3634.

Without objection, the bills will be considered as read and open for amendment.

H.R. 1792

I call up H.R. 1792. Without objection, I would move to table that bill.

Mr. MCKINNEY. Second the motion.

Mr. STARK. The motion is carried.

[H.R. 1792 was tabled.]

H.R. 3634

Mr. STARK. Next I call up H.R. 3634, and offer three amendments. The amendments were contained in a memo to the subcommittee, and if counsel will read the amendments in the order in which they appear in the bill, we will have the amendments open to discussion as they are read.

Mr. KUCKRO. The first amendment to be offered is to page 8, line 25. The amendment would insert after "the Transit Authority" the following: "for each fiscal year through the fiscal year in which construction of the Adopted Regional System is completed or fiscal year 1988, whichever occurs first",

That is listed as amendment No. 2.

Mr. STARK. This amendment clarifies that the operating subsidy in H.R. 3634 is intended to be primarily an aid to the localities through construction of the rapid rail system while they will be simultaneously burdened with substantial capital costs.

Digitized by Google

This amendment is to reinforce the concept that this bill does not provide for a perpetual Federal subsidy.

Mr. McKINNEY. Mr. Chairman, may I comment on this?

Mr. STARK. Yes, please.

Mr. McKINNEY. Of course, this is not the direction I want to go. I, as I stated very clearly I think the other day, feel that operating subsidies should be continuing to the Metro system because of the benefit that the Federal Government gets from it. This amendment would have the effect of stopping the operating subsidy, should the construction be finished before the operating subsidy, which is set at 7 years, runs out.

I think we all agree, however, that this is a world of political realism, and the longer I sit through the markup of the budget on the floor of the House, the more realistic—and horrified, I might add—I get. So I think we can sell the point on the floor that, as long as the system is not complete, the Federal Government should put in a subsidy. I am afraid we will not be able to sell anything else.

Mr. STARK. Does the gentleman from Connecticut really think that, in the world of reality, we are going to finish it? When you say, "complete the system," before the last nail is driven and the last rivet is riveted, I would suspect we will have the same 7 or 8 years we are talking about anyway.

Mr. McKINNEY. It could be. I give up on construction, and I have doubly given up now that I hear that the grand solution to the Union Station is to tear down everything we have built and go back to what we had before we spent the $68 million.

I will go along with this. We are going to have enough trouble without looking for my halcyon ideal.

Mr. STARK. I would suggest that, without objection, the amendment be adopted.

Hearing no objection, the amendment No. 2 is adopted.

Mr. STARK. Counsel will read the next amendment.

DEDICATED FUNDING

Mr. KUCKRO. In the memo, this is amendment No. 3. It applies to the fourth section of the bill, which occurs on pages 10 and 11.

Mr. McKINNEY. Mr. Chairman, I would ask unanimous consent that the amendment be considered as being read.

Mr. STARK. Without objection, it is so ordered.

[The amendment referred to follows:]

Page 10, lines 5 and 12, strike out "dedicated" and insert in lieu thereof "stable and reliable".

Page 10, line 21, strike out "dedicated" and insert in lieu thereof "stable and reliable".

Page 10, line 21, insert "both (1) their payments to the Transit Authority under subsections (b)(2) and (c)(2) of section 15, relating to payment of the principal and interest on bonds issued by the Transit Authority, and (2)" after "to meet".

Page 11, line 7, strike out "dedicated" and insert in lieu thereof "stable and reliable".

Page 11, line 8, strike out "contribution" and insert in lieu thereof "contributions (1) for payment to the Washington Metropolitan Area Transit Authority for the payment of principal and interest on bonds issued by the Transit Authority, and (2)".

Digitized by Google

Mr. STARK. This amends section 17 of H.R. 3634 to (1) change the word "dedicated" to "stable and reliable" for the satisfaction of the states of Maryland and Virginia; and (2) includes in the requirement for "steady and reliable" funding those monies contributed by the localities to make up their one-third share of payments for principal and interest on the bonds.

As the Federal Government is the guarantor of the bonds issued for construction of the transit system, and any jurisdiction's departure from their obligations would leave the Federal Government in a position to either pick up the bond payments alone or let them default, this change safeguards the legitimate interest of the Federal Government's investment in the bond arrangement.

I think this amendment was agreed to by all parties who testified on this issue.

Mr. MCKINNEY. I just wondered what the DOT's feeling was on this.

Mr. STARK. This was their testimony. We asked them to define for us what would be acceptable dedicated funding, and it is their description or their definition of what dedicated funding is, and it just expands it.

Mr. MCKINNEY. Thank you very much. I move the adoption of the amendment.

Mr. STARK. Without objection, the amendment is agreed to.

Will Counsel read the third amendment.

Mr. KUCKRO. Amendment No. 4 is a technical change suggested by legislative counsel. This changes the word "amount" to "amounts" on page 7, line 6.

[The text of Amendment No. 4 follows:]

Page 7, line 6, strike out "amount" and insert in lieu thereof "amounts".

Mr. MCKINNEY. I move the adoption of the amendment, Mr. Chairman.

Mr. STARK. Without objection, the amendment is agreed to.

The subcommittee will recess, and will reconvene at 1:30 p.m. in room H-208.

[Whereupon, at 10:21 a.m., the subcommittee recessed until 1:30 p.m.]

Digitized by Google

Digitized by Google

SUBCOMMITTEE MARKUP OF H.R. 3634, H.R. 1792, AND H.R. 3914

FRIDAY, MAY 4, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON METROPOLITAN AFFAIRS,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 9:30 a.m., in room 1310, Longworth House Office Building, Hon. Fortney H. (Pete) Stark (chairman of the subcommittee) presiding.

Present: Representatives Stark, Harris, and McKinney.

Also present: Rod W. Kuckro, subcommittee staff assistant; Elizabeth D. Lunsford, general counsel; James T. Clark, legislative counsel; Dietra Gerald, staff assistant; Barbara C. Washington, minority chief counsel; Harry M. Singleton, deputy minority counsel; Barbara Norris-Chaves, minority research analyst; and Robert Cover, Legislative Counsel's Office.

Mr. STARK. The subcommittee will come to order.

The first order of business is that our actions yesterday, whereby we tabled H.R. 1792, and then adopted certain amendments to H.R. 3634, be approved.

Mr. HARRIS. Mr. Chairman, I so move.

Mr. STARK. Without objection, it is so ordered.

FURTHER AMENDMENT TO H.R. 3634

The next order of business will be to recognize Congressman Harris for the purpose of offering an amendment to H.R. 3634.

Mr. HARRIS. Mr. Chairman, as I understand it, H.R. 3634 is before us and open for amendment at any place. I have an amendment on page 3, line 7, which I believe achieves the purpose that the chairman has established, which I feel strongly about with respect to the full construction of Metro.

Mr. STARK. The Clerk will read the amendment.

[The amendment referred to follows:]

Page 3, strike out line 7 and all that follows down through line 4 on page 4 and insert in lieu thereof the following:

(c) There is authorized to be appropriated to the Secretary of Transportation for the purpose of making contributions under subsection (a) the following amounts:

(1) For fiscal year 1982, the amount of $100,000,000.
(2) For fiscal year 1983, the amount of $350,000,000.
(3) For fiscal year 1984, the amount of $375,000,000.
(4) For fiscal year 1985, the amount of $375,000,000.
(5) For fiscal year 1986, the amount of $325,000,000.
(6) For fiscal year 1987, the amount of $175,000,000.

Any amount authorized but not appropriated under this subsection for any fiscal year may be appropriated for any succeeding fiscal year.

Digitized by Google

Mr. HARRIS. Mr. Chairman, this amendment will do two things. It will basically keep the amount of the Federal share the same, as is provided in both of our bills, but it would allow the flexibility with respect to construction schedules. If in fact it is necessary to obligate funds at a greater amount in any 1 year in order to maintain the construction schedule, it would be permitted to do that.

The amendment achieves two features. No. 1, it does provide the authority on a curve, so that dealing with interstate transfers and the additional authority, I think an optimum construction schedule could be achieved and the end accomplished. No. 2, I think the amendment is important because it allows those funds that are not appropriated to accumulate.

I would move the adoption of my amendment, Mr. Chairman, and ask for support.

Mr. STARK. Is there any discussion?

Mr. MCKINNEY. No.

Mr. STARK. The question is on the motion. Everyone in favor, signify by saying "Aye."

[Chorus of Ayes.]

Opposed?

[No response.]

The amendment is adopted.

Mr. STARK. I would ask if the Congressman from Virginia would move the adoption of H.R. 3634, as amended.

Mr. HARRIS. Mr. Chairman, if there are no further amendments, I would like to move that the committee adopts H.R. 3634, as amended.

Mr. STARK. All in favor, signify by saying "Aye."

[Chorus of Ayes.]

Opposed, "No"?

[No response.]

Mr. HARRIS. Mr. Chairman, I move that we instruct the staff to prepare and have filed a new bill reflecting the amendments we have adopted with respect to H.R. 3634, and that it be reported favorably to the full committee.

Mr. STARK. Without objection, so ordered.

H.R. 3914

The second order of business and the last item of the day is the consideration of a separate bill for an increased D.C. authorization for 1979. We have five cosponsors on H.R. 3914.

The purpose of the separate bill is to remove the ceiling limitation on the authorization for expenditure of the District of Columbia of local matching funds for Metro. You will recall that Mayor Barry mentioned the need for this 1979 authorization increase during Wednesday's subcommittee hearing.

Without objection, the bill H.R. 3914, and the staff memo will be included in the record at this point. Counsel will read the bill.

[The bill referred to above follows:]

[H.R. 3914, 96th Cong., 1st sess.]

(By Mr. Stark (for himself, Mr. Harris, Mr. Fauntroy, Mr. McKinney, and Mr. Moffett) on May 3, 1979.)

A BILL To amend the National Capital Transportation Act of 1969 to increase the amount

Digitized by Google

authorized for the District of Columbia share of the cost of the rapid transit system of the National Capital Region.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the National Capital Transportation Act of 1969 (D.C. Code, sec. 1-1443), relating to the District of Columbia contributions, is amended—

(1) by striking out "Commissioner" in subsections (a) and (d) and inserting in lieu thereof "Mayor"; and

(2) by striking out "aggregating not to exceed $269,700,000" in the first sentence of subsection (a); and

(3) by striking out "not to exceed $219,700,000" in the second sentence of subsection (a) and inserting in lieu thereof "such sums as may be necessary".

[The staff memorandum follows:]

Memo on H.R. 3914, a bill to amend the National Capital Transportation Act of 1969 to increase the District of Columbia share of the cost of the Adopted Regional System.

This bill will increase the authorization of the Mayor to contract with the Transit Authority to make annual capital contributions.

The Mayor indicated in testimony before the House District of Columbia Committee, Subcommittee on Metropolitan Affairs, on May 2, 1979, that the District has submitted to President Carter a supplemental budget request for fiscal year 1979 for the Metrorail construction program. The increase of $13.2 million request for fiscal year 1979 is subject to action by the Appropriations Committee.

It is important to note that the funds requested in this budget supplemental are local matching funds required for use of D.C. entitlements of highway transfer funds.

Mr. STARK. I recognize Mr. Harris for the purpose of moving the adoption of the bill.

Mr. HARRIS. Mr. Chairman, I hope we can adopt the bill today and expedite it. I think it simply makes a technical adjustment in the overall authority with respect to the District of Columbia share. I would move that the bill be adopted and faithfully recorded.

Mr. STARK. Is there any discussion?

Hearing none, the question is on the adoption of the bill and its recommended submission to the full committee, with the recommendation that it be reported out favorably.

Without objection, the bill H.R. 3914 is reported favorably to the full committee, with the recommendation that we bring it to the floor as quickly as possible.

If there is no further business, the subcommittee stands adjourned.

[Whereupon, at 9:40 a.m., the subcommittee markup of H.R. 3634, H.R. 1792, and H.R. 3914 adjourned.]

Digitized by Google

Digitized by Google

COMMITTEE MARKUP OF H.R. 3951 AND H.R. 3914

MONDAY, MAY 7, 1979

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The committee met, pursuant to notice, at 10:25 a.m., in room 1310, Longworth House Office Building, Hon. Ronald V. Dellums (chairman of the committee) presiding.

Present: Representatives Dellums, Diggs, Delegate Fauntroy, Representatives Mazzoli, Harris, Stark, McKinney, and Daniel.

Also present: Edward C. Sylvester, staff director; Elizabeth D. Lunsford, general counsel; James T. Clark, legislative counsel; Dale MacIver, staff counsel; Robert Brauer, staff assistant; Robert Cover, Office of Legislative Counsel; Mattie McFadden, Rod Kuckro, and Stephen Horblitt, staff assistants; Barbara C. Washington, minority chief counsel; and Harry M. Singleton, deputy minority counsel.

The CHAIRMAN. The committee will come to order. The meeting this morning is called to consider bills pending before the full committee.

The next District day in the House will be May 14, and it is hoped that the majority of our measures will be considered at that time.

Before proceeding, I would like to thank my colleague, Mr. Harris from Virginia, for holding 2 days of hearings on Utility Preparedness and the plans of the utility companies to share power in the event of any shortages in the Metro area.

I'd also like to thank my distinguished colleague, Mr. Fauntroy, Mr. Mazzoli, and again, Mr. Harris, and the ranking minority member, Mr. McKinney, for their parts in chairing 2 days of hearings on Appropriate Community Technology.

I have asked the staff to prepare a report for each member of the committee with respect to appropriate recommendations on these hearings.

And now the Chair would like to recognize the distinguished gentleman from California for the purposes of calling up any bills before the Subcommittee on Metropolitan Affairs.

H.R. 3951

Mr. STARK. Thank you, Mr. Chairman. On behalf of the Subcommittee on Metropolitan Affairs, I call up H.R. 3951, which is a clean bill approved by the subcommittee amending H.R. 3634.

The CHAIRMAN. Without objection, the bill will be considered as read and opened for amendment at any point.

46-263 O - 79 - 9

Digitized by Google

[The above-referred-to bill, H.R. 3951, follows:]

[H.R. 3951, 96th Congr., 1st sess]

(By Mr. Stark (for himself, Mr. Harris, Mr. McKinney, Mr. Fauntroy, Mr. Moffett, Mr. Dellums, Mrs. Spellman, Mr. Barnes, and Mr. Fisher) on May 4, 1979)

A BILL To amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital Region, to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority, to authorize an annual Federal payment to such Authority to provide assistance in meeting expenses of operation and maintenance of such system in order to reflect the special Federal relationship to such system, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "National Capital Transportation Amendments of 1979".

AUTHORIZATION OF ADDITIONAL FEDERAL AND DISTRICT OF COLUMBIA CONTRIBUTIONS FOR CONSTRUCTION OF THE ADOPTED REGIONAL SYSTEM

SEC. 2 (a)(1) The National Capital Transportation Act of 1969 (D.C. Code, sec. 1-1441 et seq.) is amended by adding after section 13 the following new section:

"AUTHORIZATION OF ADDITIONAL FEDERAL CONTRIBUTIONS FOR CONSTRUCTION

"SEC. 14. (a) The Secretary of Transportation is authorized to make contributions to the Transit Authority, in addition to the contributions authorized by section 3 of this Act, for the purpose of financing in part the cost of construction of the Adopted Regional System.

"(b) Federal contributions under subsection (a) for the Adopted Regional System shall be subject to section 17 and to the following limitations and conditions:

"(1) The work for which such contributions are authorized shall be subject to the provisions of the Compact and shall be for projects included in the Adopted Regional System.

"(2) The aggregate amount of such Federal contributions made during any fiscal year shall be matched by the local participating governments by payment of capital contributions for such year in a total amount that is not less than 25 per centum of the amount of such Federal contributions.

"(c) There is authorized to be appropriated to the Secretary of Transportation for the purpose of making contributions under subsection (a) the following amounts:

"(1) For fiscal year 1982, the amount of $200,000,000.

"(2) For fiscal year 1983, the amount of $350,000,000.

"(3) For fiscal year 1984, the amount of $375,000,000.

"(4) For fiscal year 1985, the amount of $375,000,000.

"(5) For fiscal year 1986, the amount of $325,000,000.

"(6) For fiscal year 1987, the amount of $75,000,000.

Any amount authorized but not appropriated under this subsection for any fiscal year may be appropriated for any succeeding fiscal year.

"(d) Amounts appropriated under subsection (c)—

"(1) shall remain available until expended, if so provided in appropriation Acts; and

"(2) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964 and the Federal Aid Highway Act of 1973."

(2) Section 3 of such Act (D.C. Code, sec. 1-1442) is amended—

(A) by inserting "under this section" in subsection (a) after "Federal contributions"; and

(B) by inserting "under this section" in subsection (b) after "Federal contributions" the first place it appears therein.

(b) Effective October 1, 1979, section 4 of such Act (D.C. Code, sec. 1-1443), relating to District of Columbia contributions, is amended—

(1) by striking out "Commissioner" in subsections (a) and (d) and inserting in lieu thereof "Mayor";

(2) by striking out "aggregating not to exceed $269,700,000" in the first sentence of subsection (a); and

Digitized by Google

(3) by striking out "not to exceed $219,700,000" in the second sentence of subsection (a) and inserting in lieu thereof "such sums as may be necessary".

PAYMENT OF PRINCIPAL AND INTEREST ON BONDS ISSUED BY THE TRANSIT AUTHORITY

SEC. 3. (a) The National Capital Transportation Act of 1969 is amended by adding after section 14 (as added by section 2 of this Act) the following new section:

"PAYMENT OF BONDS

"SEC. 15. (a)(1) The Transit Authority shall establish a sinking fund to be used for the accumulation of assets for payment of principal on bonds issued by the Transit Authority. The fund shall be established and administered in accordance with the provisions of the Compact providing for funds established by the Transit Authority, and moneys in the fund may be invested by the Transit Authority in accordance with the Compact.

"(2) Assets of the fund shall be used to pay the principal on bonds issued by the Transit Authority.

"(b)(1) The Secretary of Transportation shall (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of two-thirds of the principal of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of two-thirds of the principal of such bonds.

"(2) The local participating governments shall make payments to the Transit Authority in amounts sufficient to allow the Transit Authority to (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of one-third of the principal of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of one-third of the principal of such bonds, and the Transit Authority shall make such contributions or otherwise provide for such payments.

"(c)(1)(A) The Secretary of Transportation shall make contributions to the Transit Authority, in addition to other contributions authorized by this Act, in amounts sufficient to provide for the payment of two-thirds of the total amount of interest paid or to be paid after October 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section.

"(B) In carrying out subparagraph (A), the Secretary of Transportation shall make contributions in amounts sufficient to provide for the payment, as any payment becomes due, of not more than 85 per centum of the interest due on such bonds at the time of such payment so long as the total amount of contributions by the Secretary under this subsection does not exceed the amount specified in subparagraph (A).

"(2) The local participating governments shall make payments to the Transit Authority in amounts sufficient to allow the Transit Authority to provide for the payment of one-third of the interest paid or to be paid after October 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, and the Transit Authority shall make such payments.

"(3) If as a result of the retirement of the principal of such bonds (or of any portion of such principal) before maturity the total amount of contributions by the Secretary of Transportation after October 1, 1979, for payment of interest on such bonds is at any time in excess of two-thirds of the total amount of interest paid or to be paid on such bonds after such date, the Transit Authority shall pay to the Secretary the difference between the total amount contributed by the Secretary and two-thirds of the total amount of interest paid or to be paid on such bonds after such date.".

(b)(1) Section 9(d) of such Act (D.C. Code, sec. 1-1446) is repealed.

(2) The amendment made by paragraph (1) applies with respect to obligations of the Washington Metropolitan Area Transit Authority issued after the date of the enactment of this Act.

(c)(1) Section 10 of such Act (D.C. Code, sec. 1-1447) is repealed.

(2) The amendment made by paragraph (1) applies with respect to net interest cost and fees, commissions, and other costs of issuance incurred by the Washington Metropolitan Area Transit Authority on or after the date of the enactment of this Act or October 1, 1979, whichever is later.

(d)(1) Subsections (a) and (b) of section 11 of such Act (D.C. Code, sec. 1-1448) are amended by striking out "section 10" and inserting in lieu thereof "section 15".

(2) The amendments made by paragraph (1) take effect on the date of the enactment of this Act or on October 1, 1979, whichever is later.

Digitized by Google

ANNUAL FEDERAL CONTRIBUTION FOR RAIL OPERATING EXPENSES

SEC. 4. The National Capital Transportation Act of 1969 is amended by adding after section 15 (as added by section 3 of this Act) the following new section:

"ANNUAL FEDERAL CONTRIBUTION FOR OPERATING EXPENSES

"SEC. 16. (a) Subject to section 17, the Secretary of Transportation is authorized to make an annual contribution to the Transit Authority for each fiscal year through the fiscal year in which construction of the Adopted Regional System is completed or fiscal year 1988, whichever occurs first, to finance in part the cost of operating and maintaining the rapid rail transit system of the Transit Authority.

"(b) There is authorized to be appropriated to the Secretary of Transportation for the purpose of making contributions under subsection (a) the following amounts:

"(1) For fiscal year 1981, the amount of $20,000,000.
"(2) For fiscal year 1982, the amount of $21,200,000.
"(3) For fiscal year 1983, the amount of $22,500,000.
"(4) For fiscal year 1984, the amount of $23,800,000.
"(5) For fiscal year 1985, the amount of $25,200,000.
"(6) For fiscal year 1986, the amount of $26,700,000.
"(7) For fiscal year 1987, the amount of $28,300,000.
"(8) For fiscal year 1988, the amount of $30,000,000.

"(c) Amounts appropriated under subsection (c)—

"(1) shall remain available until expended, if so provided in appropriation Acts; and

"(2) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964."

REQUIREMENT THAT LOCAL PARTICIPATING GOVERNMENTS HAVE A STABLE AND RELIABLE SOURCE OF REVENUE FOR CONTRIBUTIONS FOR RAIL OPERATING EXPENSES

SEC. 5. (a) The National Capital Transportation Act of 1969 is amended by adding after section 16 (as added by section 4 of this Act) the following new section:

"REQUIREMENT THAT LOCAL PARTICIPATING GOVERNMENTS HAVE A STABLE AND RELIABLE SOURCE OF REVENUE FOR CONTRIBUTIONS FOR RAIL OPERATING EXPENSES

"SEC. 17. The Secretary of Transportation may not make any contribution under section 14(a) for the cost of construction of the Adopted Regional System, or under section 16(a) for the cost of operating and maintaining the rapid rail transit system of the Transit Authority, until the Secretary has determined that the local participating governments have provided for a stable and reliable source of revenue sufficient to meet both (1) their payments to the Transit Authority under subsections (b)(2) and (c)(2) of section 15, relating to payment of the principal and interest on bonds issued by the Transit Authority, and (2) that part of the cost of operating and maintaining the rapid rail transit system of the Transit Authority that is in excess of revenues received by the Transit Authority from the operation of the system and any amount to be contributed for operating expenses by the Secretary of Transportation under section 16(a) and any other provision of law.".

(b) Each governmental entity that is a local participating government for the purposes of the National Capital Transportation Act of 1969 should submit a plan to the Secretary of Transportation not later than September 30, 1980, showing that such governmental entity has a stable and reliable source of revenue to provide for its contributions (1) for payments to the Washington Metropolitan Area Transit Authority for the payment of principal and interest on bonds issued by the Transit Authority, and (2) for the cost of operating and maintaining the rapid rail transit system of the Washington Metropolitan Area Transit Authority.

The CHAIRMAN. The Chair recognizes the gentleman from California for an explanation of the bill.

FEDERAL CONTRIBUTIONS FOR METRO CONSTRUCTION

Mr. STARK. Basically, the bill has four major provisions which deal with the funding and operating of the metro system, and the District of Columbia's share, as well as the participation of the neighboring communities. It authorizes Federal contribution for construction amounting to $1.7 billion during the fiscal years 1982 through 1987, with a formula that runs somewhat larger in the

Digitized by Google

earlier years and tapers off again at the end of construction. It's $200 million in 1982, with $350 million in 1983, and $375 million for 2 years, and cuts back to $325 million and then drops to $75 million the last year. It requires a local match of 20 percent and authorizes such funds as may be necessary for the District of Columbia contribution to the system.

WMATA BONDS

The second major part of the bill is that it takes care of the principal and interest on the bonds issued by the transit authority and it authorizes the Secretary of Transportation to make contributions to two-thirds of the amount due on principal and interest, and it becomes effective in fiscal year 1980. It provides an operating subsidy of $20 million a year in fiscal year 1981. That increases by six percent a year until fiscal year 1988, and then the subsidy stops. The theory behind this is that at that point the heavy contributions required by the surrounding communities and the District for their share of the capital commitment will cease, and they should be able to make up this subsidy out of the tax base that they'll use.

DEDICATED SOURCE OF REVENUE

The fourth section requires that the local participating governments have a dedicated source of revenue for contributions to the operating expenses and to meet their share of obligations. It's referred to as a "stable, reliable source of local revenue", and I think we have negotiated the language to the satisfaction of all the people in the Department of Transportation and the communities. The need for the bill is to give the communities some idea of the maximum amount that they will have to dedicate revenue to. Some people have said, "Why don't we just authorize revenue one year at a time?", but you're asking communities to plan ahead and authorize their taxes so that they can, indeed, plan on an orderly basis to meet their obligations. And so, while it is recognized that this will have to be appropriated each year, we felt that it was better to proceed with an amount we feel will be the maximum amount available toward the completion of the 101-mile system, which everybody feels is necessary, and I think it's an excellent compromise among all parties including the House Appropriations Committee, which has responsibility. In this case, it happens to be the Transportation Appropriations Committee, not the District of Columbia Appropriations Subcommittee, which will handle this.

I want to thank my colleagues on the subcommittee for their prompt attendance and dedicated work in reporting out H.R. 3951. If it's accepted by the committee, I will ask unanimous consent at that point to include two technical amendments that were required by the Budget Act. They are strictly technical in nature and do not change either the intent or the meaning of the bill. I pass them along to my colleagues to see the exact wording and it would be my intention to ask that those be added at that time.

Digitized by Google

AMENDMENTS

The CHAIRMAN. The gentleman may offer these amendments now, so that they can be part of the discussion.

Mr. STARK. I would then ask unanimous consent that the reading be dispensed with and that we make the two technical amendments on page 5, as required by the Budget Act.

The CHAIRMAN. Without objection, so ordered.

[The amendments were as follows:]

On page 5, line 13, after "principal", strike out "on" and insert "paid or to be paid after October 1, 1979, of".

On page 5, line 17, after "principal" insert "paid or to be paid after October 1, 1979,".

On page 6, line 1, strike out "of" and insert in lieu thereof "on".

"Amend the title by striking out "an annual Federal payment" and insert in lieu thereof "a Federal contribution"."

The CHAIRMAN. Does that conclude the gentleman's explanation?

Mr. STARK. That does, Mr. Chairman. I move the adoption of the amendments.

The CHAIRMAN. Without objection the amendments are agreed to. I thank the gentleman for his explanation of the bill H.R. 3951, and the Chair now recognizes the distinguished ranking minority member, Mr. McKinney.

FEDERAL SHARE

Mr. MCKINNEY. I'll be very brief, Mr. Chairman, because I think the chairman of the subcommittee fully discussed the necessity for this bill and what it does. There is one question for the record. You said 20 percent local sharing. I believe it's 25 percent, isn't it?

Mr. HARRIS. If I may be heard on that——

Mr. MCKINNEY. I'd be delighted to hear the gentleman who's going to pay.

Mr. HARRIS. It's a little technical explanation that I wanted to share with the gentleman from Connecticut. What it is, is 25 percent of the Federal share, which comes up to 80–20 as far as total cost. That's why the 20 and 25 sometimes gets confused. The bill will actually construct to indicate a local contribution of 25 percent of the Federal share, which, in turn, means an 80–20 of total cost.

Mr. MCKINNEY. I'm delighted. I thought we should get that on the record just so it would be firmly understood. Mr. Chairman, all I can say is I think we waited a long time to get some sort of a basic foundation under the Metro system. If there were ever a time to have done it, it seems to be right now when Virginia and Maryland are having tremendous gas problems. I think it shows the importance of building a system so that people can get to work.

The CHAIRMAN. I thank my colleague. Is there any further discussion by the gentleman from Virginia.

Mr. HARRIS. Mr. Chairman, I just simply want to pay my real appreciation and respect to the gentleman from California for the work he's done in bringing this bill forward in the final form that we have. I would point out to my colleagues that if there's any system that's been studied and restudied, and analyzed and reanalyzed, and planned and replanned, it's been the Metro system. Just

Digitized by Google

last year we finished the complete reanalysis of the financial plan and even those who have been the most critical came to the firm and sound conclusion that the system, as planned, the improved regional system of 101 miles, should be completed—probably should be completed as promptly as possible. What this bill does is authorize proceeding on the basis of not only the quickest, but the cheapest, method of constructing Metro, and for that reason, it becomes an extremely important long-range piece of legislation. I think my colleague has made the point that's very important. Metro has always been a political miracle. It combines the efforts of two States, seven localities, the District of Columbia, and the Federal Government. It has done that successfully. We now have the system almost half complete. The construction that's left, in many cases, is the simpler type of construction, on-grade construction. I think that there's no other way to solve the Nation's Capital's transportation and environmental problems than the completion of Metro. This bill will permit the completion. It still retains in the Appropriations Committee the authority to determine the exact cash flow each year, but at least it gives the localities a plan on which to base their future actions.

With regard to capital contribution, localities, in most cases, have to have referenda for bond issues. With regard to operation, the localities have got to figure out a reliable and steady source of revenue to meet the operating costs. I think as we bring this together, the bill is really an important bench mark in the progress of the Nation's Capital and I certainly hope that we're able to report it out.

The CHAIRMAN. I thank my distinguished colleague. Is there any further discussion to come before the committee with respect to H.R. 3951?

Mr. FAUNTROY. Mr. Chairman, I would just like to associate my remarks with those of my distinguished colleague from Virginia, who has worked assiduously over the last few months to help shape this legislation, and to tender our thanks to the gentleman from California, Mr. Stark, for not only the prompt manner in which he handled this legislation, but his understanding of our needs and his willingness to respond as he has.

The CHAIRMAN. I thank my colleague. The Chair will indicate to the gentleman from California that I would like to defer any motion with respect to the passage of this particular piece of legislation at the moment.

[Subsequently the committee resumed consideration of H.R. 3951]

The CHAIRMAN. The Chair recognizes the gentleman from California for the purpose of offering the motion at this time.

Mr. STARK. Mr. Chairman, I urge the committee to report out H.R. 3951, and recommend its adoption in the full House as amended by the technical amendments.

Mr. HARRIS. Second.

The CHAIRMAN. All those in favor of the motion of the gentleman from California, signify by saying "aye".

[Chorus of "Ayes."]

The CHAIRMAN. All those opposed?

[No response.]

Digitized by Google

The CHAIRMAN. The "ayes" have it and it is so ordered. The gentleman would further——

Mr. HARRIS. Mr. Chairman, on that I'd like to record a vote.

VOTE ON H.R. 3951

The CHAIRMAN. All of those in favor of a recorded vote signify by raising their hands (pause). A record vote is demanded, and the Clerk will call the roll.

Mr. CLARK. Mr. Diggs?
Mr. DIGGS. Aye.
Mr. CLARK. Mr. Fauntroy?
Mr. FAUNTROY. Aye.
Mr. CLARK. Mr. Mazzoli?
Mr. MAZZOLI. Aye.
Mr. CLARK. Mr. Harris?
Mr. HARRIS. Aye.
Mr. CLARK. Mr. Stark?
Mr. STARK. Aye.
Mr. CLARK. Mr. Leland?
The CHAIRMAN. Aye, by proxy.
Mr. CLARK. Mr. Moffett?
The CHAIRMAN. Aye, by proxy.
Mr. CLARK. Mr. Gray?
The CHAIRMAN. Aye, by proxy.
Mr. CLARK. Mr. McKinney?
Mr. MCKINNEY. Aye.
Mr. CLARK. Mr. Daniel?
Mr. DANIEL. Nay.
Mr. CLARK. Mr. Marks?
Mr. MCKINNEY. Aye, by proxy.
Mr. CLARK. Mrs. Fenwick?
Mr. MCKINNEY. No proxy for Mrs. Fenwick.
Mr. CLARK. Mr. Jeffries?
[No response.]
Mr. CLARK. Mr. Dellums?
The CHAIRMAN. Aye.
Mr. CLARK. On that vote, Mr. Chairman, the "ayes" are 11, the "nays" 1.
The CHAIRMAN. The "ayes" have it, and the motion carried.

H.R. 3914.

The Chair would like again to recognize the esteemed gentleman from California and ask the gentlemar does he have any other bill that he would like to report to the full committee?

Mr. STARK. Yes, Mr. Chairman. I would like to report H.R. 3914 to the full committee.

The CHAIRMAN. Without objection, that bill will be considered as read and open for amendment at any point.

[The above-referred-to bill, H.R. 3914 follows:]

[H.R. 3914, 96th Cong., 1st sess.]

(By Mr. Stark (for himself, Mr. Harris, Mr. Fauntroy, Mr. McKinney, and Mr. Moffett on May 3, 1979)

A BILL To amend the National Capital Transportation Act of 1969 to increase the amount

Digitized by Google

authorized for the District of Columbia share of the cost of the rapid transit system of the National Capital Region.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the National Capital Transportation Act of 1969 (D.C. Code, sec. 1-1443), relating to the District of Columbia contributions, is amended—

(1) by striking out "Commissioner" in subsections (a) and (d) and inserting in lieu thereof "Mayor"; and

(2) by striking out "aggregating not to exceed $269,700,000" in the first sentence of subsection (a); and

(3) by striking out "not to exceed $219,700,000" in the second sentence of subsection (a) and inserting in lieu thereof "such sums as may be necessary".

The CHAIRMAN. We recognize the gentleman from California for an explanation of the bill.

Mr. STARK. This is a bill to amend the National Capital Transportation Act to increase the District of Columbia's share of the costs. It will increase the authorizations of the Mayor to contract with the transit authority to make annual capital contributions.

Mayor Barry indicated in his testimony before the Subcommittee on Metropolitan Affairs last week that the District has submitted to the President a supplemental budget request for fiscal year 1979 for the Metrorail construction. The increase of $13.2 million requested is subject to action by the Appropriations Committee. We expect the President to submit this request for supplemental funds in the near future, and this authorization will allow the District's expenditure for Metro in fiscal 1979 to increase from $41 million to $54.2 million.

It's important to note that the funds requested in this budget supplemental are the local matching funds required for use of District of Columbia entitlements of highway transfer funds. I think it is noncontroversial, and I'm led to believe that the President will request this supplemental recently approved by the Appropriations Committee. I urge the adoption of H.R. 3914.

The CHAIRMAN. Any further discussion on the bill, H.R. 3914?

The Chair recognizes the gentleman from California for the purpose of offering a motion.

Mr. STARK. Mr. Chairman, I move that the committee report H.R. 3914 favorably to the full house and urge its adoption.

The CHAIRMAN. All those in favor of the motion signify by saying "aye".

[Chorus of "Ayes."]

The CHAIRMAN. Those opposed?

[No response.]

The CHAIRMAN. The "ayes" have it, and it is so ordered.

[Whereupon, at 10:45 a.m., the committee markup of H.R. 3914 adjourned.]

Digitized by Google

Digitized by Google

96TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 96-132

INCREASING THE AUTHORIZATION FOR FUNDING DISTRICT OF COLUMBIA SHARE OF METRO CONSTRUCTION COSTS

MAY 9, 1979.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

MR. DELLUMS, from the Committee on the District of Columbia, submitted the following

REPORT

[To accompany H.R. 3914]

[Including cost estimate of the Congressional Budget Office]

The Committee on the District of Columbia, to whom was referred the bill (H.R. 3914), to amend the National Capital Transportation Act of 1969 to increase the amount authorized for the District of Columbia share of the cost of the rapid transit system of the National Capital region, having considered the same, report favorably thereon with an amendment and recommend that the bill as amnded do pass.

The amendment is as follows:

Amend the title so as to read:

A bill to amend the National Capital Transportation Act of 1969 to remove the limitation on the amount authorized for District of Columbia contributions for the cost of construction of the rapid transit system of the National Capital Region.

PURPOSE OF THE BILL

The purpose of H.R. 3914 (introduced at the request of the Mayor of the District of Columbia) is to amend the National Capital Transportation Act of 1969 to increase the amount authorized for the District of Columbia share of the cost of the rapid transit system of the National Capital region.

NEED FOR LEGISLATION

The National Capital Transportation Act of 1969 originally authorized the District of Columbia to make an aggregate capital contribution to the Washington Metropolitan Transit Authority in the amount of $269,700,000. (D.C. Code, sec. 1-1443)

Digitized by Google

In testimony before the Subcommittee on Metropolitan Affairs of the District of Columbia Committee on May 2, 1979, Mayor Marion Barry testified that the District has "virtually exhausted" its original authorization under the National Capital Transportation Act of 1969. The Mayor said,

> It is therefore necessary that we should have further authorization from the Congress for the appropriation of money so that the District can remain a full partner in the construction of Metro.

The District of Columbia government submitted on April 30, 1979, to the President a supplemental budget request for fiscal year 1979 in the amount of $13.2 million. This supplemental money combined with the $41 million of the District's money previously appropriated would make the District government's fiscal year 1979 contribution $54.2 million in capital funds for Metrorail construction. The authorization and appropriation of the requested funds is necessary as the money constitutes local matching funds required for use of the District of Columbia's entitlements of interstate highway transfer funds.

The District of Columbia has worked for 12 years cooperatively with governments within the metropolitan Washington area and the Federal Government to insure that the local share of the funding for the system would be available. The Mayor testified before the Subcommittee on Metropolitan Affairs on May 2, 1979, that the District of Columbia government's willingness to contribute highway transfer funds demonstrates the city's very strong commitment to building a regional transportation system. The money that the city has transferred from its interstate entitlements has been used for construction throughout the region without any kind of restriction that they be used only on the District of Columbia portions of the system. The Mayor stated, that "The government of the District of Columbia is committed to building the total system."

According to the Mayor:

> The District of Columbia has already contributed to the construction of the Metro system $964 million of money converted from interstate highway transfer funds that the city might have used to construct highways. There are approximately $991 million more highway transfer fund entitlements remaining which the District of Columbia intends to contribute to the Metro system during the remaining years of construction.

H.R. 3914 would lift the authorization ceiling imposed by the National Capital Transportation Act of 1969 to allow the District of Columbia to contribute such sums as may be necessary to fufill its obligations under the Washington Metropolitan Transit Authority Compact. The committee recommends removal of the authorization ceiling because it allows greater flexibility for the city in meeting its local matching share requirements in a timely manner. In addition, the committee has voted to report favorably to the House H.R. 3951, a comprehensive Metro financing bill which authorized additional Federal contribution for the completion of construction of the Metro system and for other purposes. This bill (H.R. 3914) should be considered along with the provisions of H.R. 3951. One of the provisions of H.R.

Digitized by Google

3951 which supports the need for H.R. 3914 is the requirement that local participating governments have a stable and reliable source of revenue for contributions to the rail system's operating expenses and for the retirement of Transit Authority bonds. Since the cost of Metro has increased it is necessary for all local governments to increase the amount of their contribution to Metro.

District of Columbia government officials are confident that the President and Office of Management and Budget, OMB, will submit this $13.2 million supplemental budget request for fiscal year 1979 within the next 10 days.

The House Committee on the District of Columbia has been informally advised that the House Appropriations Committee, Subcommittee on the District of Columbia is not opposed to this increased authorization.

Hearing

A hearing was held by the Subcommittee on Metropolitan Affairs on May 2, 1979, on H.R. 3951. Testimony in support of the legislation was received from Mayor Marion Barry in conjunction with testimony on related matters of financing the remaining portions of the rapid rail system of the National Capital Region.

The subcommittee approved H.R. 3914 on May 4, 1979.

Committee Vote

The committee, on May 7, 1979, by voice vote, approved H.R. 3914 and ordered the same reported to the House.

Statement Required by Rule XI(1) (3) of House Rules

Oversight Findings and Recommendations

The committee's oversight findings with respect to the matters with which the legislation is concerned remain as a part of its continuing congressional oversight required by the Constitution and specifically provided for in the Home Rule Act (sections 601, 602, 604, and 731 of Public Law 93-198).

Committee on Government Operations Summary

No oversight findings and recommendations have been received which relate to this measure from the Committee on Government Operations under clause 2(b) (2) of rule X.

Inflationary Impact

The bill, if enacted into law, will have no foreseeable inflationary impact on prices or costs in the operation of the national economy.

Budget Authority

This legislation for the District of Columbia creates no new budget authority or tax expenditure by the Federal Government. Therefore, a statement required by section 308(a) of the Congressional Budget and Impoundment Control Act of 1974 is not necessary.

Digitized by Google

Congressional Budget Office Cost Estimate

An estimate of costs has been received by the committee from the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget and Impoundment Control Act of 1974. The enactment of the proposed authorizing legislation will involve no direct costs to the Federal Government, as shown in the Director's letter, with which the Committee on the District of Columbia concurs.

Congressional Budget Office,
U.S. Congress,
Washington, D.C., May 8, 1979.

Hon. Ronald V. Dellums,
Chairman, Committee on the District of Columbia, U.S. House of Representatives, Longworth House Office Building, Washington, D.C.

Dear Mr. Chairman: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed H.R. 3914, a bill to amend the National Capital Transportation Act of 1969 to increase the amount authorized for the District of Columbia share of the cost of the rapid transit system of the National Capital Region, as ordered reported by the House Committee on the District of Columbia, May 7, 1979.

The bill removes the ceiling on the amount of funds authorized to be appropriated out of the general fund of the District of Columbia for making annual capital contributions to the regional transit system. Because this bill does not involve any direct expenditure of Federal funds, there will be no direct cost to the Federal Government as a result of its enactment.

Sincerely,

James Blum
(For Alice M. Rivlin, Director).

Changes in Existing Law Made by the Bill, As Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Section 4 of the National Capital Transportation Act of 1969

* * * * * * *

AUTHORIZATION OF DISTRICT OF COLUMBIA CONTRIBUTIONS

Sec. 4. (a) To provide the District of Columbia share of the cost of the Adopted Regional System, the [Commissioner] *Mayor* of the District of Columbia is authorized to contract with the Transit Authority to make annual capital contributions [aggregating not to exceed $269,700,000]. To carry out the purposes of this section there is authorized to be appropriated out of the general fund of the District of Columbia, without fiscal year limitation, [not to exceed $219,700,000] *such sums as may be necessary.*

* * * * * * *

Digitized by Google

(d) The [Commissioner] *Mayor* of the District of Columbia is further authorized to contract with the Transit Authority and to pay in accordance with the terms thereof for the service to be provided to the District of Columbia by the Adopted Regional System.

* * * * * * *

Digitized by Google

96TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 96-156

NATIONAL CAPITAL TRANSPORTATION ACT AMENDMENTS OF 1979

MAY 15, 1979.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DELLUMS, from the Committee on the District of Columbia, submitted the following

REPORT

[To accompany H.R. 3951]

[Including cost estimate and comparison of the Congressional Budget Office]

The Committee on the District of Columbia, to whom was referred the bill (H.R. 3951) to amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital Region, to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority, to authorize an annual Federal payment to such Authority to provide assistance in meeting expenses of operation and maintenance of such system in order to reflect the special Federal relationship to such system, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 5, line 19, strike out "on" and insert in lieu thereof "paid or to be paid after October 1, 1979, of".

Page 5, line 23, insert "paid or to be paid after October 1, 1979," after "principal".

Amend the title so as to read:

A bill to amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital Region, to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority, to authorize a Federal contribution to such Authority to provide assistance in meeting expenses of operation and maintenance of such system in order to reflect the special Federal relationship to such system, and for other purposes.

Digitized by Google

Purposes of the Bill

The purposes of H.R. 3951 are (1) to amend the National Capital Transportation Act of 1969 to authorize additional Federal contributions for the cost of construction of the rapid transit system of the National Capital region; (2) to provide an orderly method for the retirement of bonds issued by the Washington Metropolitan Area Transit Authority; (3) to authorize a Federal contribution to such Authority to provide assistance in meeting expenses of operation and maintenance of such system in order to reflect the special Federal relationship to such system; and for other purposes.

Brief History of the Metro Transit System's Special Federal Relationship

In 1952, when Congress passed the National Capital Planning Act (66 Stat. 781), the first serious analysis of the area's transportation problems was conducted. Planning of rapid rail began in 1960 after Congress passed the National Capital Transportation Act (74 Stat. 537). The act reads in part as follows:

> The Congress finds that an improved transportation system for the National Capital region is essential for the continued and effective performance of the functions of the Government of the United States, for the welfare of the District of Columbia, for the orderly growth and development of the National Capital region, and for the preservation of the beauty and dignity of the Nation's Capital. * * * The Congress therefore declares that it is the continuing policy and responsibility of the Federal Government, in cooperation with State and local governments of the National Capital region, to encourage and aid in the planning and development of a unified and coordinated transportation system for the National Capital region.

With the planning groundwork established by the 1960 act, President Johnson submitted to the Congress recommendations leading to the National Capital Transportation Act of 1965. In his letter transmitting the proposed legislation, President Johnson stated:

> The problem of mass transportation in the Washington area is critical. It is also a problem in which the Federal Govment has a unique interest and responsibility. As Congress found in the National Capital Transportation Act of 1960, an improved transportation system for this area "is essential for the continued and effective performance of the functions of the Government of the United States, for the welfare of the District of Columbia, for the orderly growth and development of the National Capital region, and for the preservation of the beauty and dignity of the Nation's Capital."

The next major step forward was the National Capital Transportation Act of 1969 (79 Stat. 663), which provided the primary financial program for a truly regional public transportation system. In supporting this bill, Phillip S. Hughes, then Deputy Director of the U.S.

Digitized by Google

Bureau of the Budget, testified on behalf of the Administration as follows:

> * * * enactment of the proposed legislation would recognize the special Federal interest in the National Capital region. The presence of the seat of government in Washington is, of course, the source of the Federal interest in the District of Columbia and the surrounding metropolitan area. This Federal interest, unique to this area among all American cities, is the principal reason that historically the rapid transit needs of the National Capital region have been pursued through separate legislation rather than under the nationwide Urban Mass Transportation Act. However, the proposed legislation is consistent with national objectives for support of rail rapid transit and—as I have already indicated—the Federal and local ⅔- to ⅓-sharing ratio is patterned after the formula in the national program. The proposed rapid transit legislation for the National Capital area recognizes, however, the special Federal interest in the Nation's Capital. This interest is directed to the needs and responsibilities of the Federal Government which stem from—
>
> the Federal impact on the region's economy;
>
> the role of the Federal Government as the major employer in the area; and
>
> the Federal concern for improving the quality of life the Nation's Capital.

In September 1976, Urban Mass Transportation Administration (UMTA) Administrator Patricelli stated:

> The Metrorail project is the product of decades of planning and a direct appropriation from the Congress. The project appropriately enjoys a special relationship with the Federal Government, and *UMTA intends to honor that relationship now that it has come under our jurisdiction.* [Emphasis added.]

In May 1978, UMTA Administrator Richard Page testified in hearings before the House District Committee's Subcommittee on Economic Development and Regional Affairs that the House Appropriations Subcommittee on Transportation in 1976 directed UMTA to require Metro to undertake a comprehensive analysis of alternatives of two segments of the proposed 98-mile system. Mr. Page indicated further that "The alternatives analysis here (in Washington) has been one of the best prepared throughout the country. It has been comprehensive, intensive, and I suggest it has been extremely useful for both local and Federal officials." The study recommended to the Department of Transportation and local governments that a Metro system of more than 100 miles—102 miles—be built.

In addition, Mr. Page testified that a locally developed financial plan including a means of financing continued capital construction and operating cost was desperately needed. Early in 1979 such a financial plan was adopted by the Washington Metropolitan Area Transit Authority (WMATA). The financial plan developed calls for completing the 101-mile system by late 1987 and is based on receiving a

Digitized by Google

Federal contribution of $400 million a year. The UMTA and Office of Management and Budget (OMB) have budgeted Metro to receive funds at a rate of $275 million for fiscal years 1980 and 1981 and have made no commitments beyond that expenditure of highway transfer fund entitlements of the jurisdictions in the region. While budgeting this level of funding, UMTA is communicating to the local jurisdictions, and particularly the statehouses in Maryland and Virginia, that a financial plan incorporating some form of a dedicated tax for Metro operations must be forth coming. The State legislatures of both Maryland and Virginia have twice voted down a dedicated tax for their respective states. Despite this fact, political representatives are confident that such a tax will eventually pass both State legislatures.

The unchallenged success of Metro has its foundation in the long history of financial and political partnership of local and State Governments with the Federal Government. Despite that history, the present administration has backed away from past commitments suggesting that Metro must be treated effective fiscal year 1982 as just another mass transit system in competing for available Federal funds.

In viewing Federal support for Metro, it is important to emphasize that this system is unique beyond its location in the Nation's Capital. Metro is also unique among mass transit systems in that it serves and is financed by three entities, Maryland, Virginia, and the District of Columbia. Metro is tied together by a financial interjurisdictional compact that is politically unique. The citizens of Virginia and Maryland contributed tax dollars to Metro in good faith before Metro reached their borders. In some of these jurisdictions, Metro is the largest single item in their budget. For the Federal Government to now waiver in its commitment to Metro before the total system is completed is viewed as a breach of faith that could undo much of what has been accomplished in the last 10 years.

The Special Federal Relationship of the Transit System

This legislation (H.R. 3951) emphasizes the special obligation of the Federal Government to the citizens of northern Virginia, suburban Maryland, and the District of Columbia when it sets special requirements that go beyond those set for similar projects in other parts of the country.

The Washington Metro system is a transit system befitting a Nation's Capital. President Johnson specified that it be so. Metro had to receive the approval of the National Capital Planning Commission. Station and car designs were reviewed by the U.S. Fine Arts Commission. Stations were built and are maintained at the request of the Federal Government and are located in Federal buildings. Such costly requirements do not exist for the taxpayers of any other U.S. city as they design and build mass transit systems.

Current Needs of the Metro Transit System

In 1979, after 3 years of highly successful operation with less than one-third of its planned system in place (and another one-third under construction), the Washington Metropolitan Area Transit Authority

Digitized by Google

(WMATA) needs a reaffirmation by Congress that Federal commitment to its early completion still stands.

WMATA needs renewed congressional support in three areas:

(1) A reaffirmation of the longstanding Federal Government financial commitment to complete a total Metro transit system in the Nation's Capital. Congress needs to act to continue the Federal commitment of a special funding authorization for capital construction for mass transit in the Nation's Capital.

(2) Establishment by Congress of a method for the orderly retirement of bonds issued by the WMATA. A plan for retirement has been agreed to by both WMATA and the U.S. Department of Transportation.

(3) Creation of a Federal contribution to the operating costs of Metro during final years of construction that properly reflects the special Federal interests and benefits occurring from use of this mass transit system.

Unless a special funding authorization is enacted by Congress, the system designed to serve the region and endorsed by a longstanding Federal commitment will fall approximately 41 miles and $1.7 billion short of completion by fiscal year 1982. At that time, Metro will begin competing with every other transit system for available construction funds.

Legislation to authorize the $1.7 billion required to complete the 101-mile Metro system has been introduced in the House and Senate; namely, H.R. 1792, S. 828, H.R. 3634, and a clean bill, H.R. 3951.

The second area in which WMATA needs the attention of the 96th Congress concerns the payment of interest and principal on approximately $1 billion in construction bonds due to mature in 2010. These bonds predate the existence to WMATA to acquire construction funds for Metro. Conventional wisdom at that time assumed the farebox would be sufficient to meet the payment of interest and principal. Everyone knows better now and it is unfair and unrealistic to expect the local taxpayer to cover this expense alone.

Although these bonds are guaranteed by the Federal Government, a plan has been developed by WMATA and the U.S. Department of Transportation that requires legislative endorsement by the Congress. This plan would have the Federal Government share in the cost of those bonds at the same ratio it participated in other types of construction projects during the period the bonds were sold. That ratio is 66⅔ Federal and 33⅓ local, thereby reducing the Federal cost responsibility.

The third area in which WMATA seeks congressional support concerns the need for a Federal contribution to operating costs that reflects the special benefits the Federal Government receives from the availability of this system.

The benefits of Metro to the day-to-day operation of the Federal Government are immense. The convenience and savings from stations dedicated to Government facilities such as the Pentagon and NIH are immeasurable. Time and dollars saved by employees using Metro instead of taxies on official business and the greatly reduced loss of time due to inclement weather are just two of the many advantages of Metro to the Federal Government.

Digitized by Google

Legislation has been introduced in the House and Senate that would set Federal participation in the operating costs of Metro at approximatly 10 percent. This Federal contribution to the operating cost is intended to be a short-term Federal contribution during the remaining few years of construction. It is not intended to continue beyond the construction phase.

It is anticipated that once the high outlays of construction funds are lifted from the local jurisdictions and the system is fully operational that local jurisdictions will be better able to meet the operating deficits.

SECTION-BY-SECTION ANALYST OF H.R. 3951

Section 1. Short title

The short title is "National Capital Transportation Amendments of 1979."

Section 2. Authorization of additional contributions for construction

This section—

(*a*) authorizes the Secretary of Transportation to make annual contributions totaling $1.7 billion from fiscal year 1982 to fiscal year 1987;

(*b*) the $1.7 billion is authorized in the following manner:

Fiscal year 1982, $200 million;
Fiscal year 1983, $350 million;
Fiscal year 1984, $375 million;
Fiscal year 1985, $375 million;
Fiscal year 1986, $325 million;
Fiscal year 1987, $75 million;

(*c*) requires a local match of 20 percent of the total cost of construction projects; and

(*d*) authorizes such funds as may be necessary for the District of Columbia contribution to the Metro system.

Section 3. Payment of principal and interest on bonds issued by the Transit Authority

This section directs the Transit Authority to establish a sinking fund to be used for payment of principal and interest on bonds issued. It authorizes the Secretary of Transportation to make contributions of two-third the amount due on principal and interest with one-third as the local match from the local participating government. This bond payment provision will become effective in fiscal year 1980 and reduces the Federal Government's responsibility for bond payments. For bonds issued in the future section 3(b) repeals the present requirement that they be taxable bonds. For future payments of interest on bonds section 3(c) repeals the 25-percent Federal subsidy.

Section 4. Annual Federal contribution for rail operating expenses

The section authorizes the Secretary of Transportation to make annual contributions to the operating cost of Metro beginning in fiscal year 1981 of $20 million and increasing by about 6 percent per year until fiscal year 1988 when the subsidy stops.

Section 5. Requirement that local participating governments have a stable and reliable source of revenue for contributions for rail operating expenses and bond payments

This section prohibits the Secretary of Transportation from making any contribution to the Transit Authority for cost of construction or

Digitized by Google

operating costs until the Secretary has determined that the local participating governments have provided for a stable and reliable source of revenue sufficient to meet local matching fund requirements for operating costs and the localities' one-third share of payments for principal and interest on bonds. The bill suggests that local governments should submit a plan for the stable source of revenue by September 30, 1980.

The need for a stable reliable source of local revenue to support the local financial responsibility to Metro has been communicated to WMATA by Secretary of Transportation Brock Adams. In addition, the House Appropriations Subcommittee on Transportation made it clear to the Department of Transportation that such a plan was needed in order to make decisions about Metro financing. Secretary of Transportation Brock Adams has emphasized that this requirement of a stable reliable source is exactly the same policy that applied to every other rapid transit system.

Hearings

The Subcommittee on Metropolitan Affairs held hearings on H.R. 1792 and H.R. 3634 on May 1 and 2, 1979.

Testimony was received from the following witnesses: Chairman of the Board and General Manager of the Washington Metropolitan Transit Authority; Delegate from the District of Columbia; Representatives Harris and Fisher from Virginia; Representatives Spellman and Barnes from Maryland; a representative of the Metropolitan Washington Council of Governments; Assistant Secretary for Budget and Programs, U.S. Department of Transportation; and the Mayor of the District of Columbia. The following is a summary of their testimony:

WMATA

For WMATA, General Manager Lutz indicated overall support for the WMATA bill, H.R. 3634, and endorsed the concept of long-range authorizations in the bill, but suggested that a higher annual Federal contribution would be needed in order to prevent delays. (The committee subsequently adopted an amendment included in the clean bill, H.R. 3951, which changes the rate of annual authorizations.) On the payment of bonds provisions of H.R. 3634, Mr. Lutz testified: "We believe this is generally consistent with the understanding reached between the executive branch and the Authority, and we endorse this section as a part of the total program of the bill." WMATA strongly endorsed the provision for an 8-year Federal contribution to the operating cost of Metro. We believe it is fair. It is a small contribution. It would be somewhere in the range of 10 percent of the total operating cost. "We believe it is equitable recognition of the unique role and benefits the Federal Government receives."

Finally, on the bill's provision requiring a dedicated source of revenue by the local jurisdictions, Mr. Lutz testified: "We all recognize that all jurisdictions are now working toward the implementation of revenue sources which are dedicated to revenue needs. There is action in all three bodies (that is, District of Columbia, Maryland, and Virginia Legislatures) of the compact to gain such revenue sources. We are confident that we will be successful, but feel that completion of Metro should not be dependent on an arbitrary deadline for such approval."

Digitized by Google

MEMBERS OF METROPOLITAN AREA CONGRESSIONAL CAUCUS

Five House members of the Metropolitan Caucus who testified on H.R. 3634 are now cosponsors of the clean bill, H.R. 3951, and strongly support its enactment.

THE MAYOR

The Mayor supported all four major provisions of H.R. 3634, but did raise some questions about the rate of Federal contribution to the capital construction cost. H.R. 3951 includes a revised schedule of Federal funding which satisfies the concerns raised by the Mayor and other local officials on this provision. The Mayor also indicated that the District of Columbia expects to be able to satisfy the stable and reliable source of revenue provision of the bill.

GOVERNORS OF MARYLAND AND VIRGINIA

Gov. Harry Hughes, of Maryland, submitted a statement for the hearing record on H.R. 3634. In his statement, he said: "The State of Maryland, a signatory of the Washington Area Transit Authority compact, has strongly supported the efforts to establish a balanced and efficient public transportation system for the National Capital region." This statement mentions some difficulty with the definition of the term "dedicated revenues" in the context of State and local governmental budgetary concepts and constitutional arrangements. Governor Hughes indicated that assuming passage of Federal legislation to address the funding question, Maryland local governments will have sufficient time to implement such additional governmental actions as may be required. He states, "I, therefore, believe that Maryland can meet the time goal (September 30, 1980) set forth in the legislation" (H.R. 3951).

Gov. John Dalton submitted a statement for the hearing record on H.R. 3634. His statement indicated that he is opposed to a "dedicated State or local tax." However, he indicated that "The Commonwealth and her cities and counties in northern Virginia are presently at work on the formulation of a sound financial plan for continued Metro operations. Such a plan must necessarily rely on firm understandings with respect to fare structures, levels of service, and operating efficiency. If required construction funding is authorized by the Congress, I think it is practical for such a plan to be formulated by September 30, 1980."

During testimony by U.S. Department of Transportation representative, it was suggested that this problem be resolved by changing the wording to stable and reliable source of revenue. (The subcommittee adopted this amendment, and it is reflected in clean bill, H.R. 3951.)

DEPARTMENT OF TRANSPORTATION

Mr. Mortimer Downey, Assistant Secretary for Budget and Programs, Department of Transportation, indicated in his testimony that the Department of Transportation did not "want to set up a situation of annual scrambling to finance this system. We agree that there should be a long-range authorization of the system." However, Downey ques-

Digitized by Google

tioned the necessity of reauthorizing the Metrorail system until the Washington Metropolitan Transit Authority submit a plan to DOT regarding its expenditure of $1.1 billion in interstate transfer funds available until fiscal year 1982.

As a matter of policy, Secretary Downey indicated DOT supports the completion of the 101-mile Metrorail system as both a regional and national goal.

Concerning H.R. 3951, DOT finds a number of "attractive features", most notably the provision of section 17 that would condition Federal contributions on the provision of locally stable and reliable funding sources to meet the system operation deficit as well as the localities' one-third share of principal interest on bonds issued by the transit authority. DOT also endorsed section 15, providing for an orderly method of bond retirement.

The suggested deadline of September 30, 1980, for submission of local financial plans to DOT was also endorsed by Secretary Downey.

Concerning the authorization of funds to complete the system at the rate proposed in H.R. 3951, Secretary Downey said "I think that type of authorization would give Metro the engineering flexibility, and, if necessary and if appropriate, between ourselves or whoever is the administration at that time, some financial flexibility."

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Representatives from the Metropolitan Washington Council of Governments testified that expeditious completion of air quality plan, as adopted by COG in November 1978, as one of the most effective transportation measures for reducing air pollution in attempting to meet the federally mandated air quality standards by 1987.

Furthermore, completion of the Metrorail system was indicated by COG as being crucial to the region's energy conservation plans. Conservatively, COG research indicated completion of the 101-mile system would increase ridership by 90,000 to 100,000 trips a day and save between 10.6 and 11.8 million gallons of gas a year.

The Subcommittee on Metropolitan Affairs held markup on H.R. 1792 and H.R. 3634 on May 3 and 4, 1979, and unanimously reported a clean bill, H.R. 3951, to the full committee.

COMMITTEE VOTE

The bill, H.R. 3951, as amended, was favorably reported to the House on May 7, 1979, by an 11–1 rollcall vote of the committee.

STATEMENTS REQUIRED BY RULE XI(1)(3) OF HOUSE RULES

OVERSIGHT FINDINGS AND RECOMMENDATIONS

The committee's oversight findings with respect to the matters with which the legislation is concerned remain as a part of its continuing congressional oversight required by the Constitution and specifically provided for in the Home Rule Act (sections 601, 602, 604, and 731 of Public Law 93–198).

Digitized by Google

Committee on Government Operations Summary

No oversight findings and recommendations have been received which relate to this measure from the Committee on Government Operations under clause 2(b)(2) of rule X.

Inflationary Impact

The bill, if enacted into law, will have no foreseeable inflationary impact on prices or costs in the operation of the national economy.

Budget Authority

This legislation for the District of Columbia creates no new budget authority or tax expenditure by the Federal Government. Therefore, a statement required by section 308(a) of the Congressional Budget and Impoundment Control Act of 1974 is not necessary.

Congressional Budget Office Cost Estimate

An estimate of costs has been received by the committee from the Deputy Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget and Impoundment Control Act of 1974. The enactment of the proposed authorizing legislation will involve added costs only when apropriated by the Federal Government, as shown in the Deputy Director's letter with which the Committee on the District of Columbia concurs.

Congressional Budget Office,
U.S. Congress,
Washington, D.C., May 8, 1979.

Hon. Ronald V. Dellums,
Chairman, Committee on the District of Columbia, U.S. House of Representatievs, Washington, D.C.

Dear Mr. Chairman: Pursuant to section 403 of the Congressional Budget Act, the Congressional Budget Office has prepared the attached cost estimate for H.R. 3951, the National Capital Transportation Amendments of 1979.

Should the committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

James Blum
(For Alice M. Rivlin, Director).

Congressional Budget Office Cost Estimate

1. Bill number: H.R. 3951.
2. Bill title: National Capital Transportation Amendments of 1979.
3. Bill status: As ordered reported by the House Committee on the District of Columbia, May 7, 1979.
4. Bill purpose: The bill amends the National Capital Transportation Act of 1969 to authorize additional appropriations of $1.7 billion for construction costs of the rapid transit system of the National Capital region. In addition, it authorizes a total of $197.7 million

Digitized by Google

for annual Federal payments to the Washington Metropolitan Area Transit Authority (WMATA) to provide assistance in meeting expenses of operation and maintenance of the transit system. Also, provisions for the orderly retirement of the transit authority's bonds are established, including the contribution to be made by local jurisdictions for debt, operating, and capital expenses. The bill provides for the Federal Government to contribute funds to WMATA to cover two-thirds of interest paid after October 1, 1979, on currently outstanding bonds.

For fiscal year 1980 the President has requested $51.6 million for bond interest subsidy and debt service assistance, which is the amount necessary to cover two-thirds of the interest payments.

5. Cost estimate:

[By fiscal years; in millions of dollars]

	1980	1981	1982	1983	1984
Estimated authorization level	51.6	71.6	272.8	424.1	450.4
Estimated outlays	51.6	71.6	272.8	424.1	450.4

In addition to the amounts shown in the above table, there is authorized to be appropriated another $775 million for capital construction through fiscal year 1987 and an additional $110.2 million for operating expenses through fiscal year 1988. Also, the bill provides for annual payments for interest payments and debt service, estimated to be $51.6 million per year until WMATA begins retiring the bond issue in 2012. At that time the Federal Government is to contribute two-thirds of the amounts necessary for retirement of the debt principal.

The costs of this bill fall within budget subfunction 401.

Including outlays from prior years' budget authority enacted to date, total fiscal year 1980 outlays for the Washington Metropolitan Area Transit Authority-Federal contribution will be $83.6 million, assuming the funding level authorized in this bill. This includes prior years' budget authority for this account but does not include other Federal sources of funds, such as interstate highway segment withdrawals, and section 5, urban formula operating assistance, both provided under the Urban Mass Transportation Assistance Act. Those funds are reflected in the expenditures of the Urban Mass Transportation Administration.

6. Basis of estimate: For the purpose of this estimate, it is assumed that the full amounts authorized will be appropriated prior to the beginning of each fiscal year. The authorization levels are those specified in section 2 of the bill for "additional Federal contributions for construction," and section 4 of the bill for "annual Federal contribution for operating expenses," as well as an estimate of the interest payments authorized in section 3. For the purpose of this estimate, it is assumed that the localities will satisfy the provisions of section 5, which require a stable and reliable source of revenue to meet the local share of debt service and operating requirements. The Secretary of Transportation may not disburse the authorized construction or operating funds unless those conditions are met.

Digitized by Google

Section 3 directs the Federal Government to provide payment for two-thirds of the principal of bonds issued by WMATA prior to the date of enactment of this bill. At present, WMATA's bond issue stands at $997 million. The terms for the various bond issues have been the same: a 40-year repayment with interest payable semiannually and the principal all due at the end of 40 years. The first issue was on November 1, 1972, for $225 million and is thus due November 1, 2012. Other bond issues were for $220 million on January 1, 1973; $150 million on July 1, 1973; $225 million on April 1, 1974; and $177 million on July 1, 1975. The cost associated with the retirement of the bond principal is not included in the above cost estimate, as the first principal payment is not due until November 1, 2012.

Section 3 also provides that the Federal Government contribute up to two-thirds of the debt service and interest payment expenses. The total required interest payments for fiscal year 1980 and the near term are approximately $77.4 million per year. The Federal Government's share under the provisions of this bill is $51.6 million.

For the purpose of this estimate, it is assumed that the Federal Government will transfer to WMATA all funds appropriated for each fiscal year. Thus, the spendout for each item (capital construction, debt service interest, and operating expenses) will be 100 percent, though WMATA may not disburse all the funds in the same year, especially for capital construction.

7. Estimate comparison: The administration has estimated that total fiscal year 1980 outlays for WMATA will be $83.6 million, assuming appropriation of the $51.6 million requested by the President.

8. Previous CBO estimate: None.

9. Estimate prepared by Patrick J. McCann.

10. Estimate approved by;

C. G. Nuckols
(For James L. Blum,
Assistant Director for Budget Analysis).

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

National Capital Transportation Act of 1969

* * * * * * *

AUTHORIZATION OF FEDERAL CONTRIBUTIONS

Sec. 3. (a) To provide the Federal share of the cost of the Adopted Regional System, which system supersedes that heretofore authorized by the Congress in the National Capital Transportation Act of 1965 (Public Law 89-173; 79 Stat. 663), the Secretary of Transportation is authorized to make annual contributions to the Transit Authority in amount sufficient to finance in part the cost of the Adopted Regional System; except that the aggregate amount of Federal contributions *under this section* for the Adopted Regional System, including the

Digitized by Google

$100,000,000 authorized to be appropriated by section 5(a)(1) of the National Capital Transportation Act of 1965, shall not exceed the lower amount of $1,147,044,000 or two-thirds of the net project cost of the Adopted Regional System.

(b) Federal contributions *under this section* for the Adopted Regional System shall be subject to the following limitations and conditions:

(1) The work for which contributions are authorized shall be subject to the provisions of the Compact and shall be carried out substantially in accordance with the plans and schedules for the Adopted Regional System.

(2) The aggregate amount of such Federal contributions on or prior to the last day of any given fiscal year shall be matched by the local participating governments by payment of the local share of capital contributions required for the period ending with the last day of such year in a total amount not less than 50 per centum of the amount of such Federal contributions.

* * * * * * *

AUTHORIZATION OF DISTRICT OF COLUMBIA CONTRIBUTIONS

SEC. 4. (a) To provide the District of Columbia share of the cost of the Adopted Regional System, the [Commissioner] *Mayor* of the District of Columbia is authorized to contract with the Transit Authority to make annual capital contributions [aggregating not to exceed $269,700,000]. To carry out the purposes of this section there is authorized to be appropriated out of the general fund of the District of Columbia, without fiscal year limitation, [not to exceed $219,700,000.] *such sums as may be necessary.*

* * * * * * *

(d) The [Commissioner] *Mayor* of the District of Columbia is further authorized to contract with the Transit Authority and to pay in accordance with the terms thereof for the service to be provided to the District of Columbia by the Adopted Regional System.

* * * * * * *

GUARANTEE OF TRANSIT AUTHORITY OBLIGATIONS

SEC. 9 (a) * * *

* * * * * * *

[(d) The interest on any obligation of the Transit Authority issued after the date of the enactment of this section shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.]

[REIMBURSEMENT FOR INTEREST AND RELATED COSTS

[SEC. 10. The Secretary of Transportation shall make periodic payments to the Transit Authority upon request therefor by the Transit Authority in such amounts as may be necessary to equal one-fourth of the total of the—

[(1) net interest cost, and

[(2) fees, commissions, and other costs of issuance,

Digitized by Google

which the Secretary determines the Transit Authority incurred on its obligations issued after the date of the enactment of this section.]

AUTHORIZATION OF APPROPRIATIONS

SEC. 11. (a) There are authorized to be appropriated to the Secretary of Transpotation such amounts as may be necassary to enable him to discharge his responsibilities under guarantees issued by him under section 9 and to make the payments to the Transit Authority in accordance with section [10] *15*. Amounts appropriated under this section shall be available without fiscal year limitation.

(b) If at any time the money's available to the Secretary of Transportation are insufficient to enable him to discharge his responsibilities under guarantees issued by him under section 9 or to make payments to the Transit Authority in accordance with section [10] *15*, he shall issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary of the Treasury. Redemption of such notes or obligations shall be made by the Secretary of Transportation from appropriations available under subsection (a) of this section. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act and the purposes for which securities may be issued under the Act are extended to include any purchase of such notes or obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

* * * * * * *

AUTHORIZATION OF ADDITIONAL FEDERAL CONTRIBUTIONS FOR CONSTRUCTION

SEC. 14. (a) The Secretary of Transportation is authorized to make contributions to the Transit Authority, in addition to the contributions authorized by section 3 of this Act, for the purpose of financing in part the cost of construction of the Adopted Regional System.

(b) Federal contributions under subsection (a) for the Adopted Regional System shall be subject to section 17 and to the following limitations and conditions:

(1) The work for which such contributions are authorized shall be subject to the provisions of the Compact and shall be for projects included in the Adopted Regional System.

(2) The aggregate amount of such Federal contributions made during any fiscal year shall be matched by the local participating

Digitized by Google

governments by payment of capital contributions for such year in a total amount that is not less than 25 per centum of the amount of such Federal contributions.

(c) There is authorized to be appropriated to the Secretary of Transportation for the purpose of making contributions under subsection (a) the following amounts:

(1) For fiscal year 1982, the amount of $200,000,000.
(2) For fiscal year 1983, the amount of $350,000,000.
(3) For fiscal year 1984, the amount of $375,000,000.
(4) For fiscal year 1985, the amount of $375,000,000.
(5) For fiscal year 1986, the amount of $325,000,000.
(6) For fiscal year 1987, the amount of $75,000,000.

Any amount authorized but not appropriated under this subsection for any fiscal year may be appropriated for any succeeding fiscal year.

(d) Amounts appropriated under subsection (c)—

(1) shall remain available until expended, if so provided in appropriation Acts; and

(2) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964 and the Federal Aid Highway Act of 1973.

PAYMENT OF BONDS

SEC. 15. (a)(1) The Transit Authority shall establish a sinking fund to be used for the accumulation of assets for payment of principal on bonds issued by the Transit Authority. The fund shall be established and administered in accordance with the provisions of the Compact providing for funds established by the Transit Authority, and moneys in the fund may be invested by the Transit Authority in accordance with the Compact.

(2) Assets of the fund shall be used to pay the principal paid or to be paid after October 1, 1979, of bonds issued by the Transit Authority.

(b)(1) The Secretary of Transportation shall (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of two-thirds of the principal paid or to be paid after October 1, 1979, of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of two-thirds of the principal of such bonds.

(2) The local participating governments shall make payments to the Transit Authority in amounts sufficient to allow the Transit Authority to (A) make contributions to the fund established pursuant to subsection (a) in amounts sufficient to provide for the payment of one-third of the principal of bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, or (B) otherwise provide for the payment of one-third of the principal of such bonds, and the Transit Authority shall make such contributions or otherwise provide for such payments.

(c)(1)(A) The Secretary of Transportation shall make contributions to the Transit Authority, in addition to other contributions authorized by this Act, in amounts sufficient to provide for the payment of two-thirds of the total amount of interest paid or to be paid after October 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section.

Digitized by Google

(B) In carrying out subparagraph (A), the Secretary of Transportation shall make contributions in amounts sufficient to provide for the payment, as any payment becomes due, of not more than 85 per centum of the interest due on such bonds at the time of such payment so long as the total amount of contributions by the Secretary under this subsection does not exceed the amount specified in subparagraph (A).

(2) The local participating governments shall make payments to the Transit Authority in amounts sufficient to allow the Transit Authority to provide for the payment of one-third of the interest paid or to be paid after October 1, 1979, on bonds issued by the Transit Authority under the Compact before the date of the enactment of this section, and the Transit Authority shall make such payments.

(3) If as a result of the retirement of the principal of such bonds (or of any portion of such principal) before maturity the total amount of contributions by the Secretary of Transportation after October 1, 1979, for payment of interest on such bonds is at any time in excess of two-thirds of the total amount of interest paid or to be paid on such bonds after such date, the Transit Authority shall pay to the Secretary the difference between the total amount contributed by the Secretary and two-thirds of the total amount of interest paid or to be paid on such bonds after such date.

ANNUAL FEDERAL CONTRIBUTION FOR OPERATING EXPENSES

SEC. 16. (a) Subject to section 17, the Secretary of Transportation is authorized to make an annual contribution to the Transit Authority for each fiscal year through the fiscal year in which construction of the Adopted Regional System is completed or fiscal year 1988, whichever occurs first, to finance in part the cost of operating and maintaining the rapid rail transit system of the Transit Authority.

(b) There is authorized to be appropriated to the Secretary of Transportation for the purpose of making contributions under subsection (a) the following amounts:

(1) For fiscal year 1981, the amount of $20,000,000.
(2) For fiscal year 1982, the amount of $21,200,000.
(3) For fiscal year 1983, the amount of $22,500,000.
(4) For fiscal year 1984, the amount of $23,800,000.
(5) For fiscal year 1985, the amount of $25,200,000.
(6) For fiscal year 1986, the amount of $26,700,000.
(7) For fiscal year 1987, the amount of $28,300,000.
(8) For fiscal year 1988, the amount of $30,000,000.

(c) Amounts appropriated under subsection (c)—

(1) shall remain available until expended, if so provided in appropriation Acts; and

(2) shall be in addition to, and not in lieu of, amounts available to the Transit Authority under the Urban Mass Transportation Act of 1964.

Digitized by Google

REQUIREMENT THAT LOCAL PARTICIPATING GOVERNMENTS HAVE A STABLE AND RELIABLE SOURCE OF REVENUE FOR CONTRIBUTIONS FOR RAIL OPERATING EXPENSES

SEC. 17. The Secretary of Transportation may not make any contribution under section 14(a) for the cost of construction of the Adopted Regional System, or under section 16(a) for the cost of operating and maintaining the rapid rail transit system of the Transit Authority, until the Secretary has determined that the local participating governments have provided for a stable and reliable source of revenue sufficient to meet both (1) their payments to the Transit Authority under subsections (b)(2) and (c)(2) of section 15, relating to payment of the principal and interest on bonds issued by the Transit Authority, and (2) that part of the cost of operating and maintaining the rapid rail transit system of the Transit Authority that is in excess of revenues received by the Transit Authority from the operation of the system and any amount to be contributed for operating expenses by the Secretary of Transportation under section 16(a) and any other provision of law.

○

DEPOSIT
OCT 0 2 1979
SHIPPED
Digitized by Google

Y 4.D 63/1:96-5 C.1
National capital trans
Stanford University Libraries
3 6105 045 220 311

DATE DUE

STANFORD UNIVERSITY LIBRARIES
STANFORD, CALIFORNIA 94305-6004

Digitized by Google

Digitized by Google

Digitized by Google